

THE GLOBAL ECONOMIC CRISIS AND GENDER EQUALITY

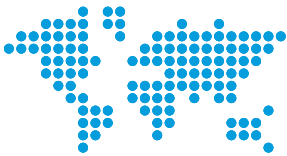


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THE GLOBAL ECONOMIC CRISIS AND GENDER EQUALITY



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EXECUTIVE SUMMARY

The banking crisis that erupted in 2007 triggered a massive drop in investment, output and employment not only in Europe and the United States, which were at the epicentre of the crisis, but in other parts of the world as well. The subsequent recession followed by austerity measures and livelihood crises have in turn put in jeopardy the capacity of people to perform the unpaid work—including housework and care of persons—that occurs in homes and communities. These activities enable people to ‘feel like human beings, in a system that treats them like commodities’ and are essential to the reproduction of individuals and societies (Picchio 1992).

While much of the response by policy makers and governments has focused on bailing out the financial sector (‘Wall Street’) and, to a lesser extent, dealing with its implications for economic output and jobs (‘Main Street’), far less attention has been given to its impact on people’s well-being, including their ability to care for themselves, their families and communities: the ‘invisible economy’ of care and social reproduction. This paper suggests that these three spheres—*finance, production and unpaid care and social reproduction*—are in fact interconnected and overlapping (Elson 2010). One of the advantages of a *feminist* analysis is to draw attention to their interconnections and to make visible what is often left out of mainstream accounts.

The ‘real economy’: jobs and food security

Although the global crisis originated in the sphere of private finance, one of its most powerful impacts has been on the employment of women and men. Between the onset of the crisis and the end of 2012, 28 million people worldwide have joined the ranks of the unemployed, bringing the global total to nearly 200 million (ILO 2013a). In advanced industrialized economies where men were strongly represented in the most affected sectors, such as construction and manufacturing, more men than women lost jobs. As a result, in the immediate aftermath of the crisis the gender gap in unemployment actually narrowed as men lost their jobs at a faster rate than women.

However, in general, where economic recovery is taking place, men’s employment is recovering faster than

women’s. At the same time, women have been disproportionately affected by austerity measures and public sector job cuts since they make up a high proportion of these employees. These two effects combined could result in gender gaps in employment that are even higher than their pre-crisis levels.

Similar to industrialized countries, the loss of employment has also been significant in developing regions. In Asia, for example, women have been significantly more affected by job losses than men due to their concentration in small-scale manufacturing. Although data are scarce, available evidence suggests that during the crisis women have increased their participation in paid work, but mainly this has been through precarious and low-quality forms of paid work and self-employment. In some cases, to make up for lost income, self-employed people may be under pressure to work longer hours. For women, who are overrepresented in informal employment and also shoulder the bulk of unpaid care and domestic work, this means greater total work burdens and less time for rest and self-care.

For many developing countries, the financial crisis came on the heels of the global food crisis, marked by the dramatic spike in food prices in 2007 and 2008. These price increases disproportionately hit food grain importing countries and net food buyers within those countries, especially women and children.

The persistence of high and volatile global food prices is an important channel through which the crisis continues to impact the food security of millions of

people in developing countries. Higher food prices in these contexts exacerbate the burden that is placed on women in their roles as household food managers. Research on past crises finds that women will often reduce their own consumption to leave more food for other household members (Quisumbing et al. 2008). Micro-level evidence about the current crisis suggests that households are shifting to cheaper and lower-quality food items and less diverse diets, which often means additional time and effort expended by women in food procurement and preparation.

Public finance and austerity

In the aftermath of the financial crisis, governments used public funds to bail out the financial sector on the premise that anything short of this would result in the collapse of the global economy. These interventions effectively moved bad debt and liabilities from the banks onto government balance sheets. The transmission of the financial crisis to the public sector has meant rising public debt levels and shrinking public revenues.

Despite the rising debt levels—and declines in gross domestic product (GDP) resulting from the crisis—the initial policy response to the crisis was stimulus spending. This expansionary phase, however, was short-lived. By 2010 expansionary fiscal policies had been replaced by contraction and austerity, including significant cutbacks on welfare services and benefits. For example, spending on child benefits, which had peaked in Europe in 2009, fell back to below 2008 levels. Housing benefits were also reduced in many countries in the European Union (EU) as well as in the United States, where women were highly affected by the housing crisis. Cuts have also affected services such as early childhood education, the provision of free school meals and services for people with disabilities, all of which are likely to add to the burden of unpaid care work that is carried out by women within households. In developing countries, cuts have severely affected subsidies for food, fuel, electricity and transport and threatened the expansion of emerging social protection programmes. In addition, public sector wage bill cuts also threaten to affect the quality and quantity of public provision of care services.

Many developing countries, like developed countries, have also witnessed volatilities in budget revenues resulting from the 2008 crisis. As public debt has mounted so too has pressure for spending cuts. Despite an initial expansionary response to the crisis, a growing number of developing countries are projected to significantly cut government spending. For example, according to the International Monetary Fund (IMF), 92 of 133 countries will pursue contractionary fiscal policies in 2014. A review of 314 IMF country reports indicates a number of planned policy reforms, including reform of the old-age pension system, the health sector and expenditure cuts on social benefits (Ortiz and Cummins 2013a).

Women, who take on a disproportionate share of both unpaid and paid care activities, are likely to feel these cuts most acutely. There are a number of reasons for this: first, as those who are overrepresented in precarious jobs and have fewer assets and smaller savings, women are more likely than men to depend on public social services to meet their own needs; second, as women are the majority of unpaid care providers for family and friends, the burden of providing care falls disproportionately on them when social service support is reduced; and third, as women make up a significant share of front-line workers in social services, cuts in public sector jobs will also disproportionately affect them.

Unpaid care and social reproduction under strain

Unpaid care work—the housework and care of persons that occurs in homes and communities of all societies on an unpaid basis—is an area that has been generally neglected by economists as well as by many policy actors. However, moments of crisis put into sharp relief the need for a more complete picture of the economy that also includes the unpaid activities and relationships that sustain and nurture people, whether they are working age adults, children or elderly persons. These care activities (re)produce and sustain human capabilities without which no economy can function. Paradoxically, it is in times of crisis and austerity that the unpaid economy faces an increased demand for its ‘services’ and a decreased level of ‘investment’ and support from governments

in the form of infrastructure, public services (health, childcare), welfare benefits and other supports.

While more data over a longer timeframe are needed to fully evaluate the impact on the reproductive sphere, existing evidence suggests that the crisis and subsequent austerity measures have intensified unpaid work burdens for women. In developing countries where rapidly increasing food prices have led to dwindling household budgets, poor women often have to spend an increasing amount of time trying to find solutions and alternatives. However, there is a limit to the 'coping capacities' of the unpaid reproductive sphere: when critical public investments and decent jobs and income opportunities are not forthcoming, human capacities can become depleted through undernutrition, school dropouts, family break-ups and rising levels of violence and intolerance.

Poverty and ill health

The combination of the food and financial crises, as well as the onset of austerity measures, has had devastating impacts on people's well-being. In developed as well as developing regions, progress to reduce poverty has been halted and many people may have been pushed into poverty as a result of the crisis, reversing years of progress. It is estimated that between 47 million and 84 million more people remained poor or fell into extreme poverty in developing and transition countries in 2009 than would have been the case had pre-crisis trajectories continued. In the EU the number of people at risk of poverty increased by 5.3 percent or nearly 6 million people between 2009 and 2011 (United Nations General Assembly 2010). In the United States between 2007 and 2012 poverty rates increased for almost all social groups, with particularly sharp stratifications across racial lines and notable increases for children and single female households. Similarly the health impacts of the crisis have also been dramatic. In developing countries, rising rates of maternal and child deaths due to the crisis present a significant challenge, further threatening the achievement of the Millennium Development Goals.

Policy responses

The financial crisis not only exposed the structural failings of neoliberal policies—evident in the unprecedented growth of profits at the expense of wages—but also put into sharp relief the negative consequences of rising inequalities for global economic stability. In the aftermath of the crisis, we are seeing only timid attempts to put in place the financial sector regulations needed to prevent future crises, and developed and developing countries alike have cut spending on key social services, significantly affecting those who rely on them, particularly women and children. This inaction with respect to reforming the financial sector, combined with the resurgence of austerity measures, is likely to reinforce inequalities of income and wealth, thereby feeding into crisis tendencies.

The policy decisions that lie ahead will determine the quality of life for many millions of women and men worldwide. A return to the way in which financial institutions and economic policies operated before the crisis will guarantee prolonged inequality and insecurity, punctuated by more collapses and crises. In its place, this paper suggests bolder, fairer and more far-reaching policies that put an emphasis on job creation and the expansion of social services and social protection measures that support all people and the care economy.

In this respect, UN Women joins the UN Special Rapporteur on extreme poverty and human rights in calling for States to meet their obligations regarding gender equality by designing recovery policies that promote the realization of women's rights (UN Commission on Human Rights 2011). It is precisely in these times of hardship that compliance with human rights obligations is most critical. With recovery efforts ongoing, UN Women urges States to take a transformative approach to economic and social policy, where the focus is placed on enhancing the 'quality of living that individuals are able to achieve and the calibre of services that they receive' (ibid.) and where women's full range of rights are recognized and fulfilled.

To move forward, we recommend public action on three broad fronts:

1. Job creation and support for social protection policies.

The most urgent issue is to highlight the dangers of the shift to fiscal austerity and to emphasize that there are alternative pathways to sustainable economic recovery. Cutting public expenditure is not an effective policy if it substantially harms long-term growth and productivity, as reduced consumer demand and underinvestment in people over the medium to longer term result in the depletion of human capabilities, turning what was a financial crisis into an enduring social crisis. Furthermore, cutting public expenditure does not by itself cut the deficit; expenditure cuts can only cut the deficit if they are followed by increased investment and job creation in the public and private sectors. But the expected increase in private demand has not materialized to compensate, or overcompensate, for the cuts in public spending (UNCTAD 2013).

Therefore, alternative policy approaches focused on job creation and in support of social protection policies will be more effective at reducing debt levels and setting the foundation for sustainable economic and social recovery.

2. Better regulation of global finance. National governments and the United Nations must play a much stronger role in the governance of global and national financial flows to avoid future crises and to proactively channel financial resources into building more stable, equitable and caring economies.

The reform of financial regulation is essential if future crises, and their costs to women, are to be avoided. The loose regulation of markets that reward managers and shareholders with the profits of reckless risk-taking but depend on taxpayers for bailouts must be addressed. Financial stability is clearly a 'global public good' (Kaul et al. 2003), but to date the engagement of States has been largely eclipsed by private institutions dominated by their own profit-led interests. There is a need for measures that reduce the volatility of financial flows through, for example, greater regulation of the banking sector, but other measures, including a financial transaction tax that would dampen speculative activity and mobilize resources for socially useful investments, are also needed. Similarly, better regulation and taxation of

commodities futures markets would serve to dampen the damaging effects of speculation that result in food insecurity and economic uncertainty for many households in developing countries.

Many progressive economists, including feminist economists, have argued that central banks should also change the way they operate by setting goals for employment creation rather than focusing exclusively on keeping inflation rates at very low levels, which can be particularly harmful for women's employment (Braunstein and Heintz 2006).

3. Investment in the reproduction of people. All economic activities ultimately depend on the reproduction of people on a day-to-day basis and from one generation to the next. In the current environment, much of this is unpaid and disproportionately falls on women. At a national level, the State must facilitate access to services (health, education and care services), infrastructure (water, sanitation, affordable housing and transport) and other essential goods such as food, which are the basic foundations needed for caregiving. These are essential investments that can support and complement the unpaid care work carried out within families and communities. Countries need to mobilize domestic revenues through progressive income and wealth taxes and corporate taxes to fund these investments, while global revenues through, for example, a financial transaction tax and overseas development assistance (ODA) complement these domestic efforts.

Through public investments in infrastructure, social services and social protection measures, governments can support the unpaid care economy, contribute to human capabilities and help stimulate economic recovery. The expansion of care services can not only help build up the human capabilities of those being cared for—be they children, frail elderly persons or people with severe disabilities—and reduce the time that family members have to allocate to unpaid care work, it can also generate new employment opportunities. However, it is also important for governments to ensure that these care-related jobs are 'decent' well-remunerated jobs rather than being dependent on precarious, low-paid and 'voluntary' labour.

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INTRODUCTION

INTRODUCTION

Five years into the global economic crisis, which started in 2007/2008, social and economic malaise continues to dominate the lives of millions of people. This is the case not only in Europe and the United States, which were at the epicentre of the crisis, but also in other parts of the world that seemed at the beginning to have coped better with the adverse consequences of the economic collapse. Following an initial period of concerted expansionary fiscal policies in 2008/2009, budget contraction has become widespread across a diverse range of countries since 2010, causing unnecessary hardship, reinforcing inequalities and reducing the prospects of economic recovery. High levels of open unemployment and job precariousness, food insecurity, cuts in public investments in critical social services and social protection measures, and growing social tensions and xenophobia have become the order of the day. These are worrying trends that represent significant regressions in the enjoyment of human rights around the world. They are likely to have adverse long-term consequences, socially, economically and politically. It is ironic that in the aftermath of a crisis that exposed the deficiencies of economic doctrines that have reinforced inequalities and the profits of financiers at the expense of the well-being of the majority, we are seeing a resurgence of a range of austerity measures based on those same flawed doctrines rather than alternative policy agendas that can address the root causes of inequality and powerlessness.

The emerging evidence strongly suggests that in this particular episode of crisis and responses to it, as in previous global crises since the early 1970s, the costs have been disproportionately borne by the less powerful social groups, in particular middle- and lower-income households, women within those households who straddle the paid and unpaid economies, and ethnic and racial minorities. In this paper we focus on the gender dynamics of crisis and crisis response, without losing sight of other distributional aspects that intersect with gender inequality and undermine social justice more broadly.

Why do we adopt a gender perspective? The advantages of a gender perspective on crises are threefold. First, such a perspective draws attention to distributional dynamics and inequalities, for example, in terms of asset ownership and household debt, as well as in employment and income, which as we explain below are closely implicated as cause and consequence of the crisis.

Second, a gender perspective on the economy, unlike mainstream approaches, makes visible the unpaid care economy, i.e., the activities and social relations needed to sustain, produce and reproduce people on a day-to-day basis and over generations. Case study evidence from previous crises suggests that in contexts of crisis and post-crisis austerity, the demands of unpaid care work, disproportionately carried out by women and girls, tend to intensify (Gonzalez de la Rocha 1988, Knowles et al. 1999): loss of earnings may force households to alter consumption patterns by replacing purchased goods and services with home-made substitutes. Furthermore, as the crisis in private finance is transmitted to public finance, cutbacks in state welfare services may further intensify such work as more time is spent on accessing welfare services or substituting for them. Policies of austerity implicitly assume that women's time is 'infinitely elastic' (Elson 1991) and able to make up for shortfalls in household income and the erosion of public services and benefits. The adverse implications of such policies, however, can be profound

in terms of women's own well-being, as well as the knock-on effects they are likely to have for the well-being of children and other household members.

Third, a gender perspective is also useful in shedding light on broader shifts in social norms in times of crisis. Evidence from previous crises suggests that migrants and ethnic minorities may not only be exposed to discriminatory labour market practices, they can also become 'scapegoats' as economic insecurities fuel racism, racial stereotyping and intolerance. Crises may also trigger more positive changes—for example, at the intra-household level—if men take on more of the unpaid work as they face higher rates of unemployment and underemployment. However, social norms around 'women's work' and 'men's work' do not simply transform because men have more time on their hands; in fact, they may be reinforced if traditional masculine identity is threatened by men losing their 'breadwinning' roles. Dire economic conditions at the bottom of the income distribution can create a 'discouraged father effect' (Folbre 2012), as men renege on their responsibilities vis-à-vis their offspring, leaving women to manage their households as best as they can. It can also trigger a 'retreat into the physical', one of the last remaining areas of male dominance, resulting in violence and other forms of hypermasculinity as a means of reclaiming masculine power and identity (Reddock 2009: 26). In this context, it is worrying that in some parts of Europe, substantial reductions in national budgets are leading to cuts in services to prevent violence against women and girls, at a time when such services are needed the most (Towers and Walby 2012).

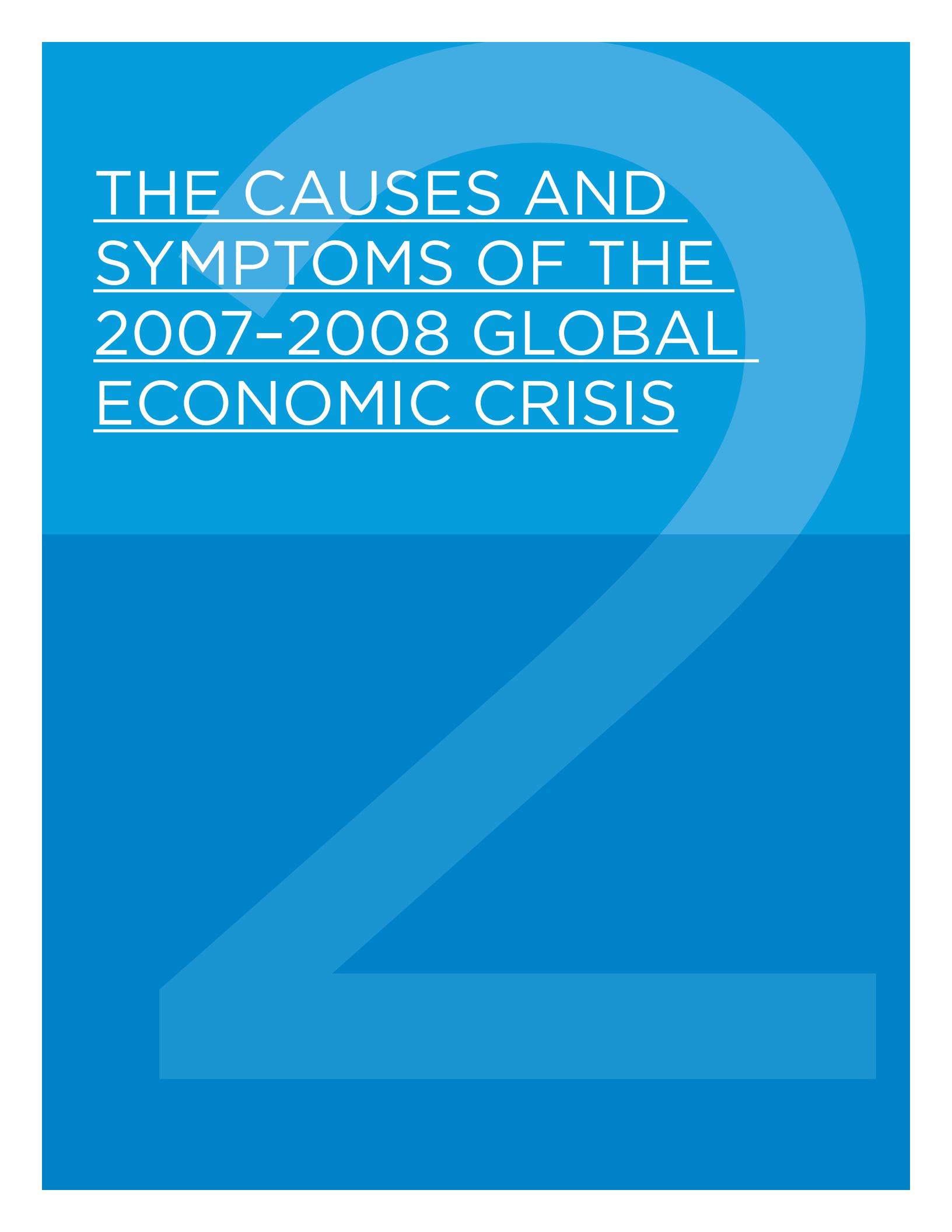
In this paper, our starting point is that these crises are gendered in a double sense. First, they have arisen out of economies in which typically neither private nor public finance has been equitably distributed and able to meet the rights of women, whether as workers or as unpaid carers (Elson 2010); the financial sector has not provided sufficient sustainable finance for key sectors such as small and medium-sized enterprises (SMEs, which employ large numbers of people) or infrastructure, and has also generally failed to finance adequate and affordable housing, especially for lower-income households, especially women. It has

also created risks, which have led to recurrent costly crises (Jolly et al. 2012). It has been noted that women were nearly absent from key sites of governance and decision-making in the financial sector (Schuberth and Young 2011). While women's better representation in public and private financial governance could help bring a more diverse set of views into these relatively homogeneous organizations, it would be far from sufficient to challenge the dominant values and rules that govern finance or the flawed incentive structures that reward excessive risk-taking. Meaningful change would require far more substantial reforms in the way financial institutions are regulated and greater accountability of finance to the 'real' economy, both productive and reproductive.

Second, crises are also gendered in the sense that their impacts are differentiated by gender. To capture the gendered nature of the crisis it is crucial to keep the focus on three intersecting spheres of the economy (Elson 2010). The first is the *financial sphere* where the crisis originated. This includes profit-oriented banks; other financial institutions including hedge funds, private equity organisations and rating agencies; and their regulators, whether governmental, private or global. The second is the *sphere of production*, where goods and services are produced for sale and barter through activities such as farming, construction, manufacturing and service provision, within which women and men are workers. And the third is the *sphere of reproduction* or the non-market sphere that supplies services to meet the daily and intergenerational reproduction of people as human beings. Reproducing human capacities requires time, energy and skills, but it also requires income (from paid work or state transfers), appropriate infrastructure and a wide range of public goods and services (health, education, care, food, transport). When the range of inputs necessary for reproduction is disrupted, as it is in times of crisis, the outcomes can include a rise in wasting and stunting among children, malnourishment, especially among women who sacrifice their own nutrition to feed their families, fractured family relations and an increase in interpersonal violence. These are outcomes that have far-reaching consequences for human development, as well as social development more broadly.

Understanding these three spheres, and how they interact, is important because it enables a focus on how the effects of the crisis have been transmitted from the financial sphere to the productive and reproductive economies and thus the impacts on the lives of ordinary women and men. From a gender perspective, the reproductive sphere is particularly important and most often neglected in mainstream analyses. Taking this approach also brings into view a broad set of policy solutions both in terms of immediate responses to crises as well as longer-term structural changes that are needed to avoid such crises in the future. Multi-pronged solutions, as the final section of the paper will argue, must not only include a shift to more democratic and gender-equitable regulation of the financial sphere to ensure financial stability, but also ensure that the financial sphere serves the needs of the productive and reproductive spheres.

This paper is structured as follows: Section 2 provides a broad-brush analysis of the causes of the 2007–2008 global economic crisis as well as its overall impacts from a gender perspective. Section 3 focuses on the sphere of production and paid work/employment, with particular attention to regional specificities, to explore how women and men have been differently impacted at different stages of the crisis as it has morphed from a ‘credit crunch’ to a full-scale economic crisis engulfing the ‘real economy’. Section 4 draws on a range of studies to trace how changes in the real economy, captured through surveys and economic indicators, have impacted the sphere of reproduction, where human capacities (physical, emotional and social) are reproduced. Section 5 looks at some of the outcomes in terms of poverty and well-being. Finally, Section 6 draws together the key policy implications from the analysis and underlines the deficiencies in terms of the existing evidence base.

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THE CAUSES AND SYMPTOMS OF THE 2007-2008 GLOBAL ECONOMIC CRISIS

2.

THE CAUSES AND SYMPTOMS OF THE 2007–2008 GLOBAL ECONOMIC CRISIS

- The global economic crisis started in the United States, but its impacts were felt throughout the world and almost all developing countries experienced a decline in their growth rates as a result.
- It is estimated that between 47 million and 84 million more people remained poor or fell into poverty in developing and transition countries in 2009 than would have been the case had pre-crisis trajectories continued.
- The economic crisis came on the back of the global food crisis, which hit low-income countries and the poorest citizens within them particularly hard.
- In the immediate aftermath of the crisis, many governments bailed out financial institutions and introduced stimulus packages, helping to stem job losses in the short term. However, this approach was soon replaced by widespread austerity measures that rolled back hard-won entitlements to a wide range of social services and benefits for women and men.

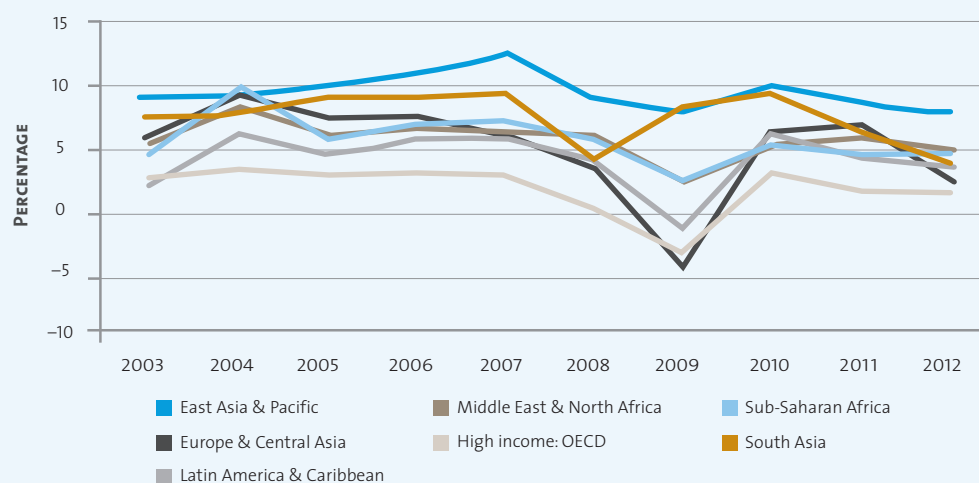
Soon after the collapse of capital markets in the United States, the crisis that began with the bursting of the US housing bubble had spread across the world, not only to global financial markets but also to the 'real economy'. While most developing countries had limited direct financial linkages with the countries at the epicentre of the crisis, and thus were not exposed to subprime debt, almost all have experienced a decline in their growth rates since mid-2008 (as shown in Figure 2-1).

The United Nations estimated that between 47 million and 84 million more people remained poor or fell into poverty in developing and transition countries in 2009 than would have been the case had pre-crisis trajectories continued (United Nations General Assembly 2010: 7). For many developing countries,

however, this crisis came on the heels of the global food crisis, marked by the dramatic 2007/2008 spikes in food prices. These price spikes disproportionately hit food grain importing countries and net food buyers within those countries, especially women and children in poor households (Quisumbing et al. 2008, Hossain and Green 2011).¹

The channels through which the financial and economic crisis spread across countries varied and included factors such as their initial current account and net foreign asset positions, their degree of exposure to private international capital flows, the composition and direction of their international trade in manufacturing and services, their dependence on primary commodity exports, and migrants' remittances (UNCTAD 2009). After dramatic price increases in

FIGURE 2-1
Regional growth rates (2003–2012)



Source: World Bank 2013.

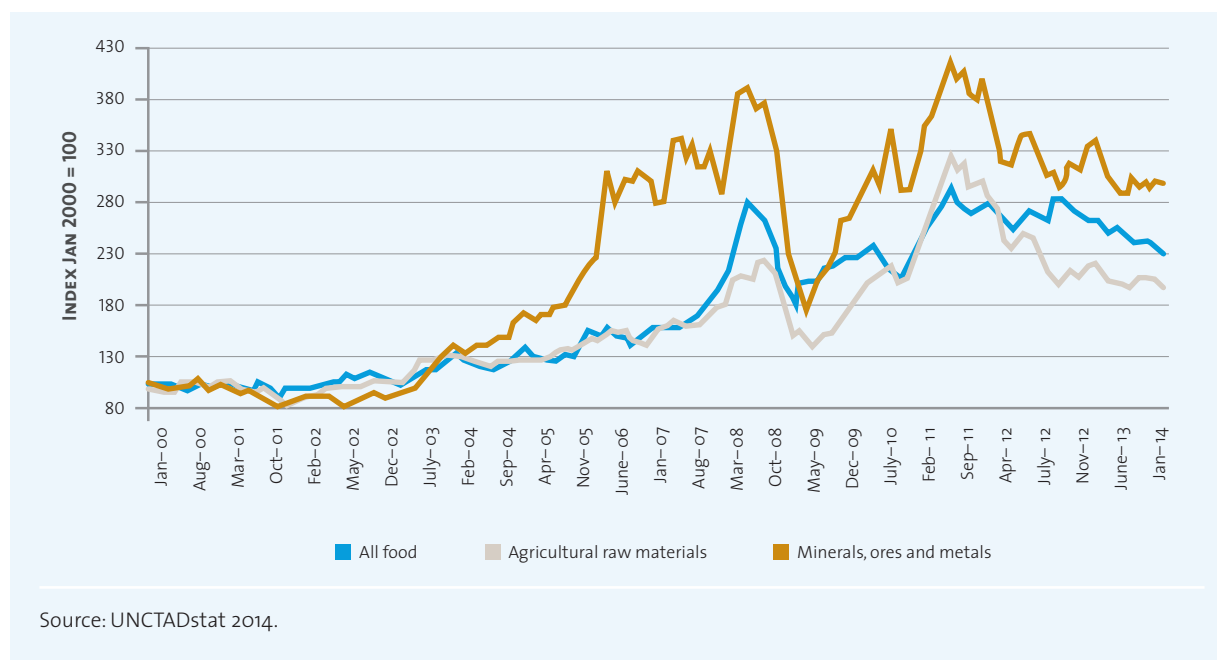
preceding years, primary commodity exports (agricultural as well as minerals, ores and metals) witnessed a collapse in prices in early 2009, which was then followed by a quick recovery (see Figure 2-2).

By historical standards, prices have in fact remained high, possibly fuelled by speculation in commodities futures markets (as explored below). At the same time, demand for manufactured exports in sectors employing large numbers of women, especially in Asia, also witnessed a significant contraction throughout the global market (see Section 3).

Hence, even though they did not significantly contribute to causing the crisis, many developing countries were affected by the indirect impacts, which varied depending on their level of global integration, the size of their economy and their structural conditions. While Latin American countries had undergone full-scale financial liberalization in the 1980s and 1990s, they had brought back some controls in the 2000s that reduced their exposure to the fallouts of the 2007/2008 crisis. The East Asian countries were also somewhat shielded from the immediate impacts as a result of the so-called prudential regulation policies they adopted after the East Asian crisis (1997–1998).²

Beyond aggregate economic growth and investment rates, much of the commentary by international organisations has focused on the changes that the crisis has brought to employment and labour markets (its impact on ‘Main Street’). This paper looks at these issues by analysing how women and men have fared in the world of work, considering both the quantity of employment and levels of open unemployment as well as the quality of jobs available (see Section 3). In general, even with partial economic recovery in some parts of the world, global employment overall has not yet returned to its pre-crisis level (ILO 2013a). Even among some countries that have performed relatively well in terms of employment recovery overall, there are concerns about the increase in *long-term* unemployment and deterioration in the *quality* of employment (ibid.). These trends confirm research findings from previous crises in Latin America and East Asia, which pointed to similar post-crisis trends in long-term unemployment and growth in labour market informality (Van der Hoeven and Lübker 2006). As Section 3 will show, deteriorating labour market conditions have had different impacts on women and men in different contexts. For example, in Asia women’s employment has declined faster than men’s, while in the United

FIGURE 2-2
Price index of primary commodities (2000–2014)



States and Europe there is evidence of gender gaps in employment and wages narrowing, but this has been

driven by decreases in men's employment and wages—a process of 'levelling down'.³

2.1 Causes of the global crisis

While the causes of the 2007/2008 crisis are myriad and in some ways distinct from previous crises that the global economy has witnessed, there are some commonalities in the role played by financial markets. The 1997 Asian financial crisis, for example, was directly related to financial liberalization. Its immediate cause was the massive inflow of short-term capital into Indonesia, Malaysia, the Philippines, the Republic of Korea and Thailand, followed by its sudden outflow as investor confidence in overvalued financial and real estate assets waned (Ghosh and Chandrasekhar 2001, Jomo 2001). Despite the adverse outcomes of the Asian financial crisis, financial liberalization continued to intensify in the following years, thereby reinforcing economic fragility. These systemic risks took a different form in the 2007/2008

crisis, which had its proximate causes in the US economy and financial markets. This particular crisis also provides important evidence of the ways in which structural inequalities (by class, gender and race) developed in tandem with crisis tendencies within financial markets and reinforced each other. It is to these inequalities that we now turn.

Rising income inequalities

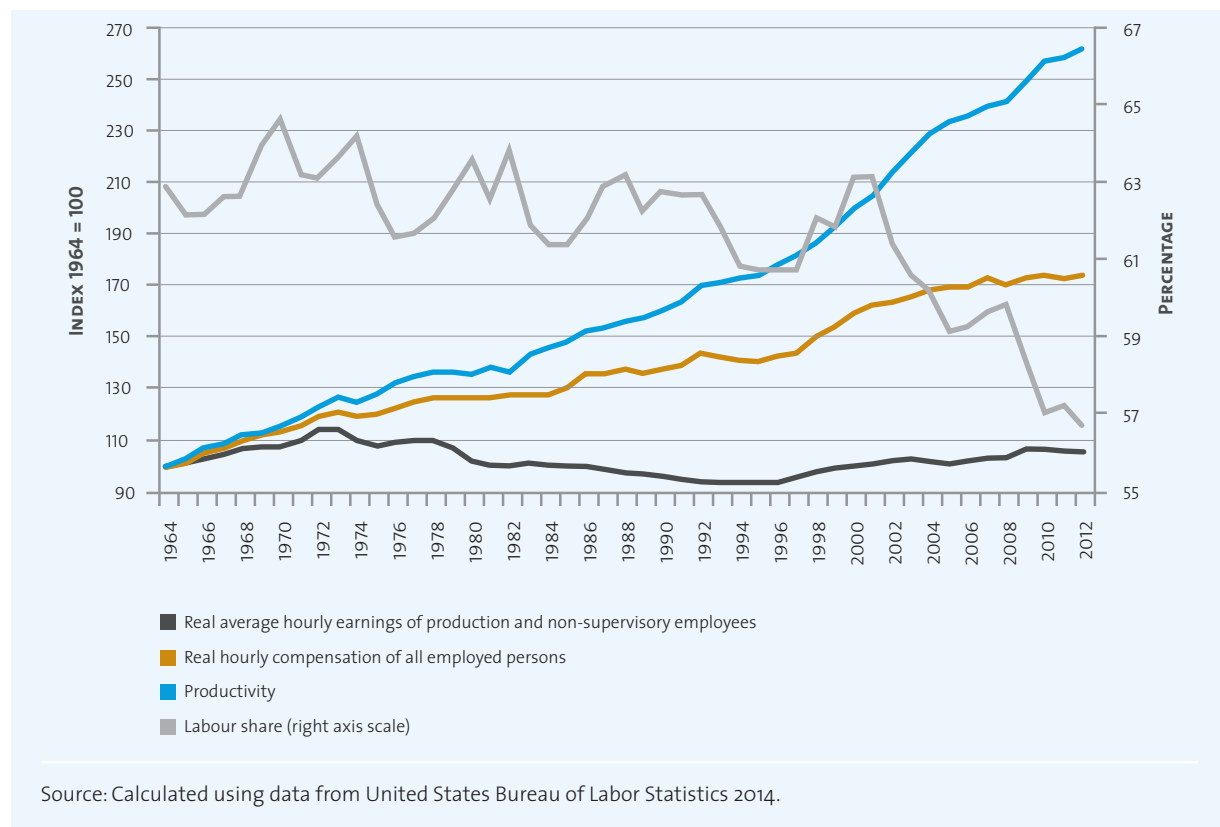
The growth of income inequality within and between countries since the 1970s has been associated with the liberalization of finance, trade and investment (Milanovic 2003, ILO 2008, UNRISD 2010a). Several studies suggest that most of the change has happened at the tail end of the distribution. Gabriel

Palma (2011), for example, finds that inequality has grown through processes of redistribution primarily from the bottom 40 percent of the population to the top 10 percent. Another way of capturing inequality is through the functional distribution of income, i.e., the share of income that is allocated to wages (labour) versus the share that goes into profits (capital). By this measure, studies show that across a wide range of countries over the past two to three decades, wage earners have lost out while those relying on profits and rents have increased their relative share of income (ILO 2008, UNRISD 2010a, Stockhammer 2012).⁴ Not only is the rise in inequality of concern due to its moral, human rights and social implications, it can also have highly adverse economic, environmental and political implications (United Nations 2013a). For example, high levels of inequality make it harder for societies to

reduce poverty through economic growth. Moreover, in some contexts they can act as a catalyst for financial crises as a result of underconsumption and the creation of various ‘bubbles’, which can destabilise the economy (Saith 2011, Galbraith 2012).

These tendencies have been striking in the United States, where since the mid-1970s real wages have been falling even as productivity has risen (Fukuda-Parr et al. 2013).⁵ As shown in Figure 2-3, the real hourly compensation of production and non-supervisory workers in the United States has gone from US \$ 20 in 1972–1973 to US \$ 18.5 in 2012, an 8 percent decline.⁶ An even more significant decline is evident in the labour share of income, which as Figure 2-3 shows has gone down from around 63 percent in 1972–1973 to 57 percent in 2012. The implications of such stagnation in wages have been twofold. First,

FIGURE 2-3
Productivity, real wages and labour’s share of total output in the United States (1964–2012)



with stagnant wages, households have increasingly come to rely on two wages in order to meet their needs. Women increased their labour force participation significantly until the early 2000s (see Figure 2-4), although in many cases the jobs they found have been characterised by low wages and have had few social benefits (such as employer contributions to health and pension plans).⁷ At the same time, although men's overall participation in the labour force has continued to decline somewhat since the late 1970s, those who remained in the labour force have slightly increased the annual hours they work (van Treeck and Sturn 2012). The second implication of stagnation in wages has been to finance household consumption through debt, as the next subsection explains.

Finance, debt and individualisation of risk

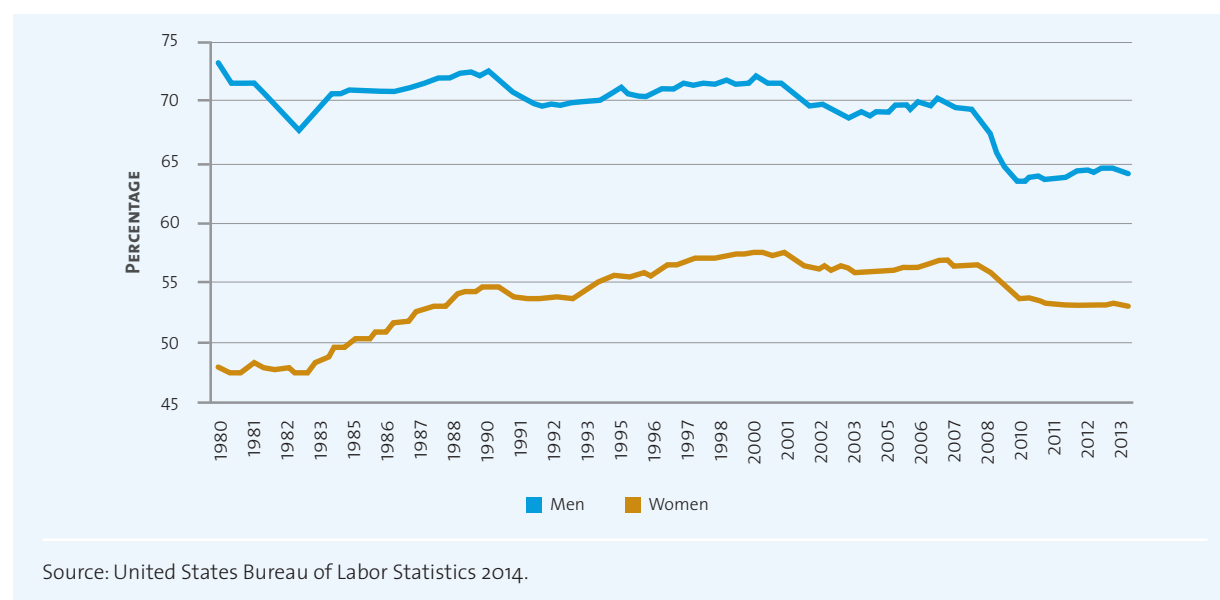
Another strategy, or coping mechanism, that many households in the United States have resorted to in order to maintain their standard of living, in the context of downward pressures on wages and social benefits, has been reliance on debt-financed

consumption through mortgage loans to buy property and credit cards to buy consumer goods and services. The demand for credit was met by a ready supply of loanable funds that fuelled rising property prices. The latter in turn created positive expectations about the future of the economy and people's own wealth and capacity to borrow. The asset and debt cycle was maintained through aggressive lending practices of banks and other financial institutions as well as the accommodative monetary policy of the Federal Reserve (van Treeck and Sturn 2012: 10).

This led to a flush of loanable funds in the hands of financial institutions, which in turn enticed banks and other financial institutions to develop a system of loans and other financial instruments that expanded lending into the housing sector (ibid.). This process of financial innovation was effectively facilitated by the ways in which banks were 'deregulated'⁸ from the early 1980s onwards, with pressure from Wall Street and guided by the dominant neoliberal doctrine.⁹

One manifestation of the growing financialisation¹⁰ of the economy was in the housing sector through

FIGURE 2-4
US employment-to-population ratio by sex since 1980



so-called ‘sub-prime’ loans. Many of these loans required lower upfront cash and lower earnings than regular (or ‘prime’) loans and mortgages. Given the insufficient supply of affordable housing, sub-prime loans appeared to allow previously excluded groups to gain access to housing finance, although at a higher cost in terms of interest rates and fees. A study by the Consumer Federation of America found that over the life of a mortgage, sub-prime borrowers could pay between US \$ 85,000 and US \$ 186,000 more in interest payment than average borrowers (Fishbein and Woodall 2006a). The same study further showed that women were more likely than men to receive sub-prime loans regardless of income, and the disparity between women and men actually *increased* as income levels rose (ibid.). Similarly, there was discrimination between different ethnic groups: 21.6 percent of white borrowers and 13.5 percent of Asian borrowers had taken these sub-prime loans, compared to 37.8 percent of Latino and 53.0 percent of African American borrowers. As a result of these intersecting inequalities, ethnic minority women were the most likely to receive sub-prime loans and white men the least likely. Again, this finding holds at every income level, and the gap (by race and gender) grew as income increased (ibid.).

These findings suggest that these disparities are not attributable to women borrowers being higher risk customers: several studies, including by Freddie Mac, the Federal Reserve and the Center for Responsible Lending, showed that one in five sub-prime borrowers qualified for a prime rate mortgage, and that pricing in the sub-prime market is not simply a function of risk: ‘Unlawful discrimination, prevalence of predatory lending and opportunistic pricing, differences in borrower knowledge, the existence of broad pricing discretion by loan brokers and loan officers, and the lack of consumer friendly support systems may also account for at least some of the variation in pricing patterns’ (Fishbein and Woodall 2006b: 11).

The risks inherent in such lending practices were ‘individualised’: when interest rates rose in 2006 and borrowers were unable to service their debts, those who bore the risk had their homes repossessed.

This combination of ‘skyrocketing household debt on the one hand, and ever-riskier and unsupervised investments on the other, created a toxic cocktail’ (CESR 2012: 2). While the sudden increase in interest rates triggered the crisis in the mortgage market, the underlying instability of the system was a result of excessive lending and fraud by financial institutions (Balakrishnan et al. 2011). The state failed in its duty to protect the economic and social rights of people—including women’s and men’s right to housing—from the avarice of financial markets (ibid.).

High levels of debt-financed consumption in the United States have been sustained by other countries consuming less than they produce. This includes the large exporting economies such as China whose foreign exchange surpluses seek returns in US financial markets. In fact, rising income inequality and slow wage growth (except for top wage earners) were not only an important driving force behind the financial crisis in the United States, but they also played a critical role in creating the investment- and export-led growth in China that contributed to global imbalances. But income and wage inequality in China gave rise to high and rising household saving rates due to high income uncertainties in a period of transition, a weak social safety net, and wealth accumulation against the background of limited access to household credit (van Treeck and Storn 2012). This, along with low and decreasing government consumption, had a substantial macroeconomic effect by repressing domestic consumption and fuelling its export-based model. In the years preceding the crisis, Asian central banks played an increasingly important role by placing their reserves in US dollar securities and Treasury bills, while several European countries also invested heavily in US asset-backed securities through capital inflows of their own (Fukuda-Parr et al. 2013).¹¹

As a result, the huge risks and bets that were inherent in US financial markets were transmitted to the rest of the world, essentially creating a ticking financial time bomb, the like of which the world had never seen before.

2.2

The food crisis

The ongoing turmoil in global markets, especially the persistence of high and volatile global food prices, is another important channel through which the crisis continues to impact the food security of millions of people in developing countries as well as in other parts of the world.¹² In 2008 sharp increases in global food prices were translated, to varying degrees, into retail price rises in many poorer countries. The issue of food security re-emerged as a top priority on the global agenda as food riots in countries as diverse as Egypt, Indonesia, Senegal and Yemen were broadcast around the world. Even after global food prices started falling, food prices in many developing countries remained high compared to the pre-2008 period (FAO 2009). By mid-2010 a new price hike was evident, which has continued into 2013; the FAO Food Price Index for 2013 is 110 percent above its 2001–2004 level.

Research on these recent price rises suggests that local food prices tend to react quickly to global price increases, although not to the same extent in all countries. The global-to-local price delay for the initial period (2007–2008) is estimated to have been approximately three months, while for the more recent episode (2010–2011) the time lapse was shortened to one month (Ortiz and Cummins 2012b: 67). However, what is even more worrying is the ‘stickiness’ of local food prices once global prices start to decline (*ibid.*). There are significant differences among regions, with sub-Saharan Africa and Central and Eastern Europe and the Commonwealth of Independent States (CEE/CIS) showing the highest volatilities in food prices, while Asia and Latin America demonstrate a significant degree of resilience to global food price increases. When compared to the average prices before the 2007–2008 food crisis, the cost of basic foodstuffs at the start of 2012 had increased by 108 percent in sub-Saharan Africa, 107 percent in the CEE/CIS, 66 percent in Asia and 38 percent in Latin America (*ibid.*: 69). In all these different regions, the lower-income households are likely to be most adversely affected since they spend a larger share of their income on food.

Higher food prices in these contexts exacerbate the burden that is placed on women in their roles as household food managers who must stretch the limited food budget further and may end up reducing their own consumption to leave more food for other household members (Quisumbing et al. 2008). Considerable micro-level evidence suggests that households are shifting to cheaper and lower-quality food items and less diverse diets, which often means additional time and effort expended by women in food procurement and preparation. Women are also entering into poorly paid work to earn some income to purchase food, while men are feeling the pressure of not being able to provide food for their households, leading to intra-household tensions, alcohol abuse and domestic violence (Hossain et al. 2013).

It is critically important for policy purposes to understand the multiple factors that are contributing to these recent food price rises and volatilities. Some have suggested that the main cause is increased demand from China and India, but the evidence does not support this since both aggregate and per capita consumption of grains in these two countries have actually fallen (Ghosh 2010a). A long-standing concern is the supply constraints affecting the agricultural sector’s capacity to produce sufficient food in many developing countries. This longer-term agrarian crisis is the result of many decades of public underinvestment in irrigation systems, marketing channels and agricultural research, combined with soil degradation and climate-related supply failures that have reduced food grain production in many developing countries (Ghosh 2010a, Agarwal 2011).

A further contributing factor is the diversion of land away from food crops to biofuels (maize, sugar cane, palm oil and jatropha) as an alternative source of energy. This has been driven by putting in place subsidised biofuel targets, most notably by the United States and the EU, in the name of mitigating climate change (Borras et al. 2010, Agarwal 2011). In 2008 about 15 percent of global maize production (mostly in the United States) was used for ethanol production;

about 10 percent of global vegetable oil production (mostly in the EU) was used to make biodiesel; and 18 percent of sugar cane (mostly in Brazil) was used to make ethanol fuel (HLPE 2013). Although it is difficult to estimate the exact impact of biofuels on global food price increases, the authoritative High Level Panel of Experts on Food Security and Nutrition (HLPE) confirms that 'biofuels did play an important role' (ibid.: 14).

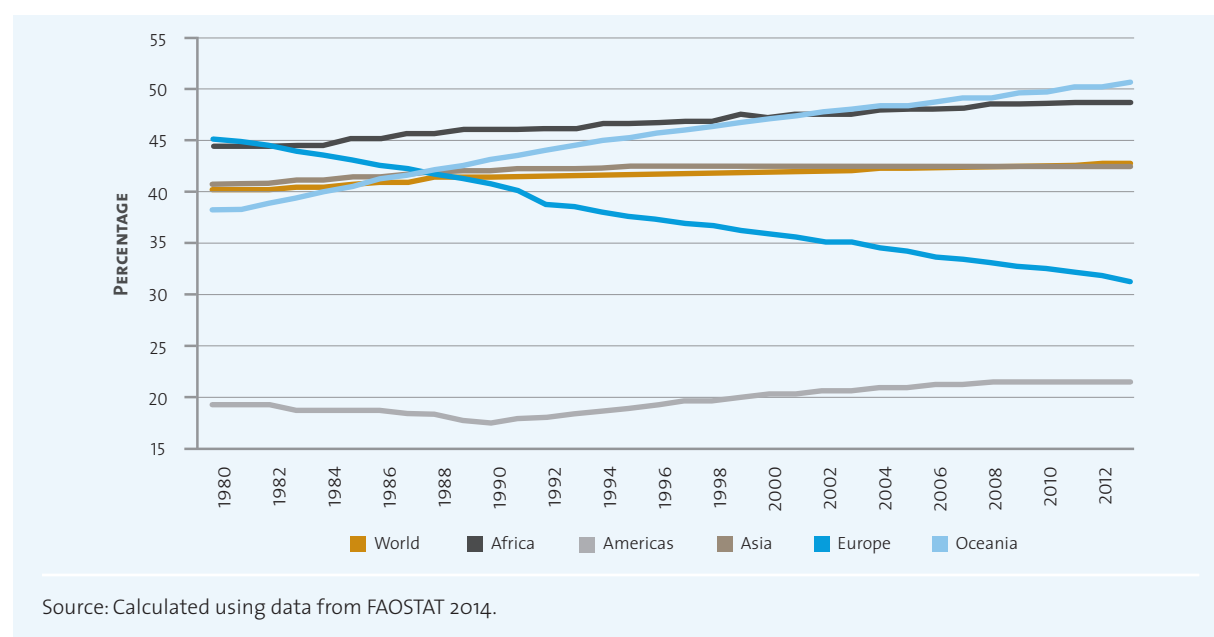
An additional factor behind the recent price rises, independent of real supply and demand conditions, has been the role of speculation in commodities futures markets by financial investors (UNCTAD 2009, Ghosh 2010a, HLPE 2011, Ghosh et al. 2012, Spratt 2013). As returns on equities fell in the context of the financial meltdown, big investors rushed into commodity futures markets where they could reap higher returns. Financial activities in commodity markets have been further incentivised by low interest rates and monetary policy measures such as quantitative easing. Speculative activities in commodity futures markets have continued to raise considerable concern,

demanding global policy attention (see Section 6 for further details).

Clearly, countries that import a large proportion of their food are likely to be more severely affected by global price rises than those that are able to produce a significant share of their own food needs. While the policy lesson is not to advocate complete food self-sufficiency, recent experience does suggest the need for developing countries to place greater emphasis on domestic food production if they are to avoid the vulnerability associated with dependence on global food markets that are dominated by a handful of major producers.¹³ In countries where the agricultural work force is feminising, which Figure 2-5 suggests is the case in all developing regions, this also means that particular attention needs to be given to the needs and constraints faced by women farmers.¹⁴

However, food security is not simply an outcome of sufficient supplies of food at an aggregate level but also critically a question of how food is distributed, who can access it and the extent to which the right to food is guaranteed through public policy. Historical

FIGURE 2-5
Proportion of those economically active in agriculture who are women, by region (1980–2012)



and contemporary evidence suggests that malnutrition, and even famines, can happen in the midst of plenty (Sen 1982). Ultimately the notion of food security is about being guaranteed the right to feed oneself (UN Commission on Human Rights 2012), which brings to the foreground questions of access and rights, with issues of distribution, empowerment and participation as important dimensions within that (Fukuda-Parr and Orr 2013: 5).

Strengthening people's right to food depends on multiple factors and policy actions including: the capacity to produce food for household consumption, which can be enhanced through various types of support to smallholder farmers; the purchasing power of wages and earnings, which can be sustained by regulating the prices of basic food items reaching consumers or indexing wages to the price of food; the right to adequate nutrition guaranteed by the State whether

through food subsidies, direct food transfers or school feeding programmes; and—critically from a gender perspective—the intra-household distribution of food.¹⁵ The last of these may not be easy to manipulate directly through policy measures, but easing pressures on food-insecure households, whether through universal food subsidies, school feeding programmes or public guaranteed employment,¹⁶ can reduce the negative impact of intra-household bias. Conversely, when households are not able to access sufficient food because global price rises are fuelling domestic price increases, these biases are likely to become reinforced and have more dire consequences. Hence, in the context of current price rises, cuts to food subsidies as part of austerity programmes in many developing countries (Ortiz and Cummins 2013a) are of serious concern. We turn next to look at these post-crisis responses in more detail.

2.3

Post-crisis responses

Despite having played an important part in creating conditions of economic fragility and in shaping the channels through which the impacts of the crisis were globally transmitted, international finance also strongly influences policy responses. In the immediate aftermath of the crisis, with the blessing of the G20, many governments took swift action to save the financial institutions at the centre of the crisis while also putting in place fiscal stimulus packages to protect businesses and jobs. Some of the stimulus spending was allocated to sectors that restored male employment (e.g., the automobile industry), which was more adversely affected in the first stage of the crisis, but in the United States at least a sizeable proportion was also allocated to direct transfers to states, where revenues had dried up. This spending probably helped retain jobs in the public sector at the state and local levels, including for many women. It may also have contributed to an expansion of jobs in the education and health sectors (see Table 3-1, page 29) and helped stem job losses more broadly (Romer and Bernstein 2009).

Countries with comprehensive social protection systems were aided by already having in place the

necessary 'automatic stabilisers' to protect households and restore growth. As such, they were able to weather the crisis much better than others (Eichhorst et al. 2010, Green et al. 2010). Many of the larger developing countries were also in a better position to stimulate their economies through various expansionary counter-cyclical policy measures, including the massive 4 trillion yuan fiscal stimulus package in China.¹⁷ Other countries were able to boost existing social protection programmes, such as Brazil's cash transfer programme (Bolsa Familia) and India's National Rural Employment Guarantee Scheme, both of which had been put in place prior to the crisis to address deep-seated poverty and inequality (Nayyar 2011). However, the smaller and more vulnerable developing countries were in a much weaker position to initiate and maintain deficit spending.

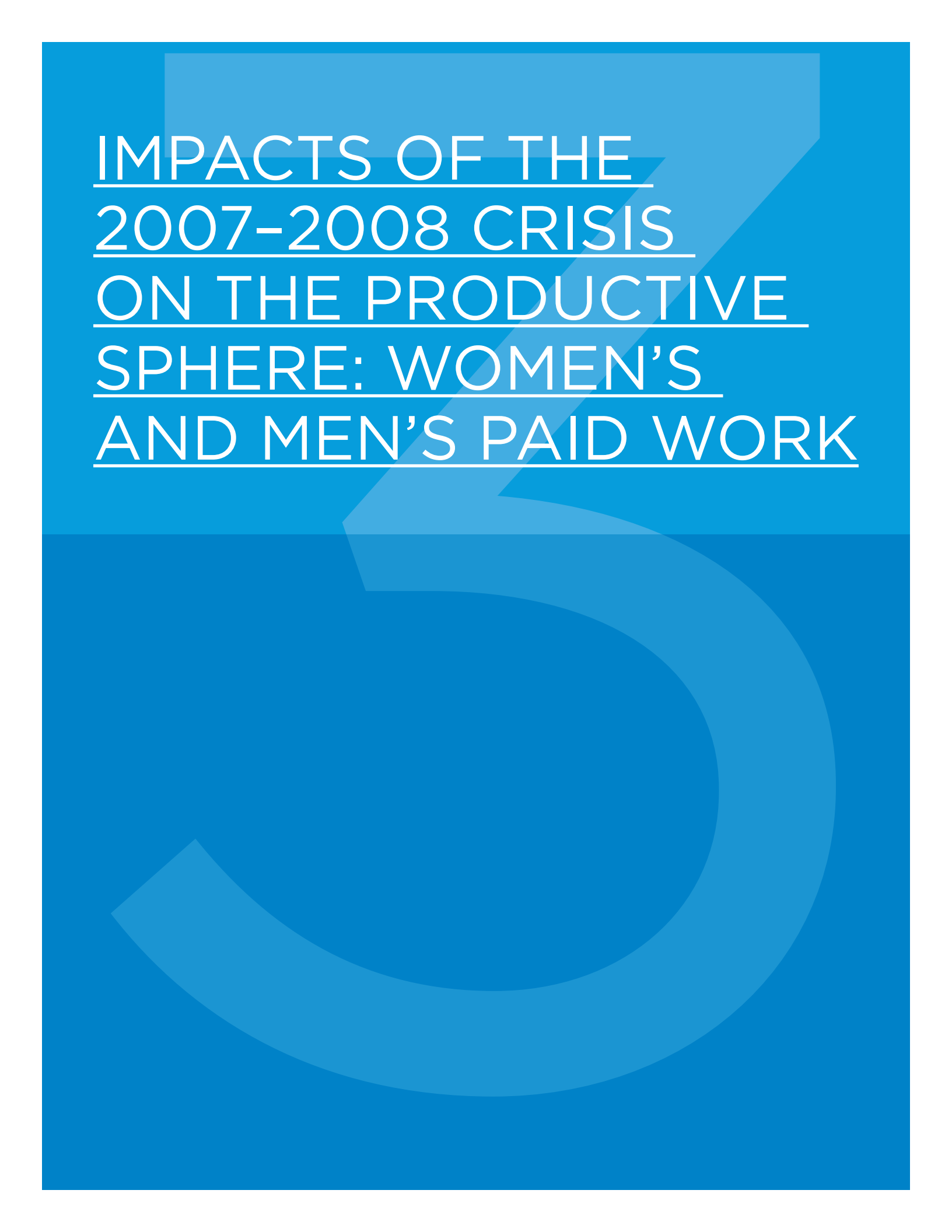
In Europe, by May 2010 the combination of financial rescue packages and stimulus plans, rising expenditure on unemployment and some other benefits and falling revenues from taxation due to economic slowdown all contributed to increased public deficits and set the stage for a sovereign debt crisis. Over the past couple

of years there have been drastic cuts in public spending in some countries where it was feared that rising levels of public debt, in large part due to the massive bailout packages that governments provided for the financial sector, would startle bond markets. In the vast majority of Organisation for Economic Co-operation and Development (OECD) countries, fiscal consolidation is being achieved primarily through expenditure cuts rather than increases in fiscal revenue (OECD 2011). These budget cuts threaten important elements of the welfare state and are rolling back women's (and men's) hard-won entitlements to a wide range of social services and social benefits. They are also reducing public sector employment, which has affected women disproportionately (Bettio et al. 2012) and weakening employment protection more generally, all of which has marked a regression in economic and social rights and a set-back for gender equality (EWL 2012, ILO 2012). However, despite fiscal consolidation, expected debt-to-GDP ratios were considerably higher in 2013 compared to 2007 throughout Europe, with the single exception of Sweden (Bettio et al. 2012). The increase is particularly large in Greece, Ireland, Portugal and Spain, where the fall in GDP is an important part of the explanation for soaring debt ratios (ibid.: 125).

While Europe may have led the shift to austerity, recent evidence suggests that fiscal consolidation has become a widespread trend across many developing countries (Ortiz and Cummins 2013a). The measures that have been taken to cut back on public spending include cuts and caps on public sector wages,

phasing out of food and fuel subsidies, narrowly targeting social benefits, and market-oriented reforms of old-age pensions (ibid.). As the following sections will show, many of these measures are likely to have adverse outcomes for middle- and low-income households and, in particular, for women within those households. The outcomes are likely to be felt through deterioration in the quantity and quality of public sector work, which has historically been a relatively good employer of women, and through an intensification of women's unpaid care work as households are forced to stretch domestic budgets and replace or complement reduced public services. As documented in a recent report by an independent expert on the effects of foreign debt on the enjoyment of human rights, social spending cuts including reductions in public services, social security benefits, childcare facilities and public employment have contributed to a deepening of gender inequality (United Nations General Assembly 2012).

Although austerity measures have been the dominant policy choice globally, it is important to note that many governments in Latin America have bucked the trend by adopting expansionary fiscal policy approaches. These governments have continued to expand the reach of their social protection programmes, sustain high levels of public welfare expenditure and maintain the value of real wages to strengthen aggregate domestic demand in the face of sluggish international demand. These issues are explored in more detail in Sections 4 and 6 of this paper.

The background is a solid blue color. In the upper half, there are several overlapping, semi-transparent blue geometric shapes, including a large triangle pointing downwards and a smaller rectangle. In the lower half, there is a large, thick, light-blue circular arrow that curves from the left side, around the bottom, and towards the right side, pointing upwards.

IMPACTS OF THE 2007-2008 CRISIS ON THE PRODUCTIVE SPHERE: WOMEN'S AND MEN'S PAID WORK

3.

IMPACTS OF THE 2007–2008 CRISIS ON THE PRODUCTIVE SPHERE: WOMEN'S AND MEN'S PAID WORK

- The crisis has had significant effects on employment in advanced industrialised economies. In the most affected sectors such as construction and manufacturing, where men are over-represented, more men's jobs than women's were lost. However, even within these sectors, the initial wave of job losses targeted women disproportionately.
- These sectors have enjoyed a more rapid recovery. Where this is taking place, men's employment has recovered faster than women's. At the same time, job cuts in the public sector particularly affect women, who constitute a high proportion of employees within this sector. These two effects combined could result in gender gaps in employment that are even higher than their pre-crisis levels.
- In transition economies, some of the hardest hit sectors are those that employ a high proportion of female workers. In small-scale manufacturing in Asia, women experienced a disproportionate number of job losses while a greater proportion of men have benefitted from new jobs during the recovery.
- In the least developed economies, the effects of crisis on families that depend on the informal sector are harder to measure. In times of economic hardship, many women (and children) work longer hours, often forced to engage in insecure and dangerous work.

Although the global crisis originated in the sphere of private finance, its most powerful impacts have been in the real economy. In particular, it has had severe impacts on the employment of both women and men. Between the onset of the crisis and the end of 2012 global unemployment rates increased from 5.4 to 5.9 percent, with an estimated 28 million additional unemployed people bringing the global total to nearly

200 million. Furthermore, the number of 'discouraged workers' (see below), nearly two thirds of whom are women in OECD countries, has also increased dramatically since 2007 (ILO 2013a).

The crisis has had a major effect on unemployment in advanced industrialised countries. With just 15 percent of the world's total labour force, over *half* of the

increase in unemployment has affected these countries (United Nations 2011, ILO 2013a). Recent trends indicate that developing countries are increasingly affected by similar rises in unemployment. The International Labour Organization (ILO) indicates that developing regions, particularly in East Asia, South Asia and sub-Saharan Africa, accounted for 75 percent of the 4 million newly unemployed in 2012 (ILO 2013a). Moreover, because open unemployment statistics do not include discouraged workers, they can mask the true state of joblessness and underemployment. In countries that do not provide unemployment benefits or other means of subsistence, people often resort to self-employment or other forms of informal employment. Evidence from previous financial crises, for example, suggests that their main impact in developing countries is through a reduction of wages and earnings from self-employment rather than through widespread open unemployment (Fallon and Lucas 2002).

Economic crises can have different impacts on the employment of women and men via four main channels.

1. The added worker effect. Falling household incomes during a crisis can induce women to enter the labour market. For example, the Great Depression of the 1930s resulted in an ‘added worker effect’ for women whose husbands worked in private sector enterprises compared to women whose husbands worked in the public sector or were employed in public work relief activities (Finegan and Margo 1993). Research on the crises in Argentina and Mexico also lends credence to an added-worker effect by women (Cerrutti 2000, Skoufias and Parker 2005). However, given that women are the majority of workers in informal or temporary employment (ILO 2012), entry into the labour force may not guarantee access to decent or secure work.

2. The discouraged worker effect. The limited supply of employment opportunities can also contribute to an increase in the number of discouraged workers, who exit the labour force altogether. Recent research in transition countries shows that the initial employment responses to the current crisis are consistent with an added worker effect for certain groups of women and a concurrent discouraged worker effect among men (Tamar 2013).

3. The buffer and substitutes effect. Because of their weaker attachment to the labour market, women can act as buffers and substitutes. As buffers, women act as a ‘reserve army of labour’, entering the labour market during boom times and exiting during economic downturns.¹⁸ Yet, research has also shown that because of the lower wages women receive, the need to cut costs during crises may contribute to an increase in their employment compared to men’s (Bettio et al. 2012). Evidence from the 1997–1998 East Asian crisis suggests that women in the formal labour market were typically the first to be laid off or have their work hours reduced. This was in part because they worked in more cyclically volatile firms, such as small export-oriented enterprises, and also the result of the priority given to protect the jobs of ‘male breadwinners’ (United Nations 1999, Kim and Voos 2007). In the Republic of Korea, for example, women lost jobs at twice the rate of men, despite the fact that before the crisis their unemployment rate was half that of men’s (United Nations 1999). For the current crisis in Europe, however, it appears that the buffer role is played by male migrants, especially from outside the EU, together with young men and women in temporary employment (Bettio et al. 2012).

4. The segregation effect. Where employment patterns follow rigid occupational segregation, the impact of crises on women and men will depend on their relative representation in particular sectors, the sector-specific impacts of crisis, the patterns of employment losses and the speed of transmission to other sectors. Where women (or men) are employed in sectors that are not heavily affected by the crisis, their employment is likely to be protected (ibid.).

In many cases, the effects of each of these channels, combined with labour demand conditions, help determine the relative impacts on women and men. Firm-level research in Indonesia, for example, indicates that during the 1997–1998 crisis women were affected by greater employment and wage cuts than their male counterparts within the same firms, but this effect was more than offset by the fact that men were disproportionately represented in hard-hit sectors (Hallward-Driemeier et al. 2011).

In addition to changes in the quantity of employment, there is also deterioration in the quality of jobs as retrenched workers shift to non-regular or informal forms of employment; this is particularly the case in developing countries but also occurs in industrialised countries. Although shifts from formal to informal employment are not necessarily reflected in headline employment and unemployment statistics, they

constitute a significant deterioration in employment quality. For example, research found that the Mexican crisis in 1994–1995 and the East Asian crisis were both associated with higher unemployment and hidden unemployment as well as significant increases in non-regular and informal employment that tend to persist even after output has recovered to its pre-crisis levels (Van der Hoeven and Lübker 2006, Grubb et al. 2007).

3.1

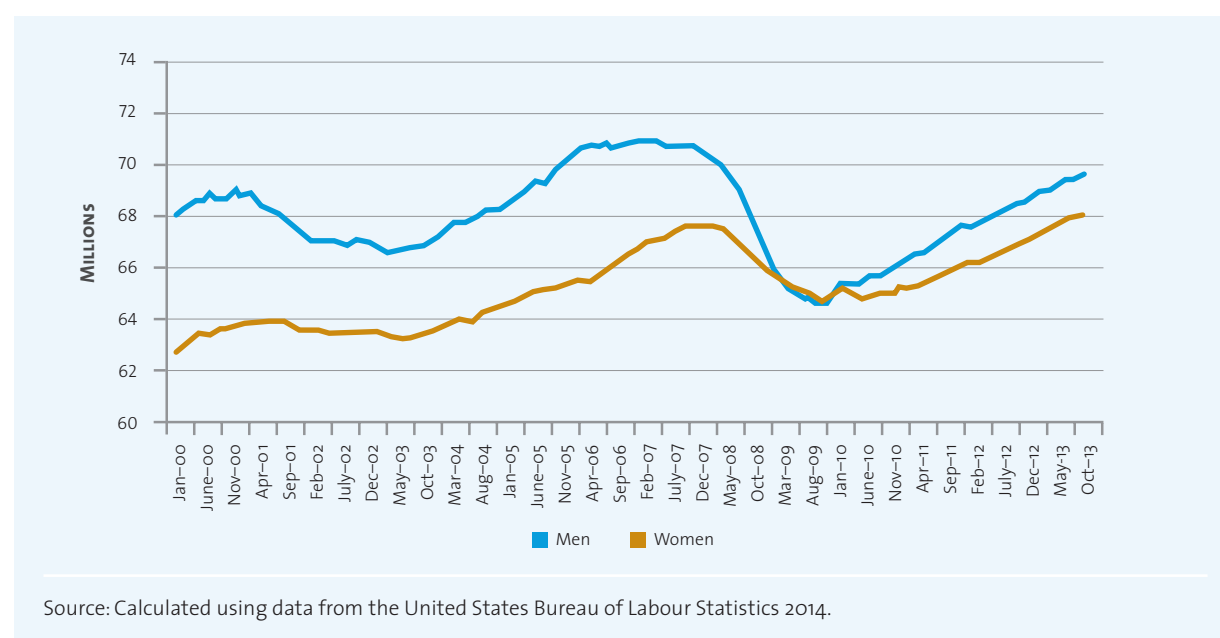
Impact on women's and men's employment in industrialised economies

The crisis in industrialised economies appears to have affected both women's and men's employment, with men generally faring worse than women in the early days. This led some commentators to coin the term 'he-cession' to refer to the disproportionate impact it had on men (Hennessy and Yalnizyan 2009, Salam 2009). However, a closer inspection of the data reveals a much more nuanced picture.

In the United States the crisis interrupted a long period of relatively stable gaps in the level of employment

of women and men. Figure 3-1 shows that, for men, a precipitous drop in total non-farm employment started in June 2007 from a peak of 70.9 million and continued until February 2010, leading to a cumulative loss of 6.2 million jobs or nearly 9 percent of total men's non-farm employment. For women the decline started in March 2008 from a peak of 67.6 million jobs, reaching a trough in September 2010 with a loss of 2.8 million jobs or 4 percent of total female non-farm employment. By June 2009 men's total employment had actually declined below women's levels. Ten months

FIGURE 3-1
Total non-farm employment in the United States (2000–2013)



later, in March 2010, this trend eventually reverted back to the original situation.

These changes, as shown in Table 3-1, were mainly the result of rapid job losses for both women and men in the goods-producing sector. As of September 2010 women's and men's employment in construction, mining, logging and manufacturing had declined by 19.3 and 20.6 percent, respectively. Because men dominate these sectors by a factor of nearly 5 to 1, the absolute number of jobs lost was greater for them. However, even in these sectors, in the early days of the crisis women's jobs may have been disproportionately targeted. In the US manufacturing sector, which comprises about two thirds of all jobs in the goods sector,

the proportion of women's jobs that were lost (18.5 percent) was higher than men's (16.3 percent), including in each of the first five quarters from July 2007 to October 2008. In the service sector, which is dominated by women, the scale of job losses between June 2007 and September 2010 was either less pronounced or—in the case of education, health and government employment—there was a slight increase during that period.

Since the second half of 2010 the recovery has seen men's employment improving more rapidly than women's in all sectors except the public sector, where job losses for women and men are more evenly distributed. As a result, the gender gap in the

TABLE 3-1
Job losses by sex and sector between, during and after the crisis in the United States

	Share of total female and male employment in June 2007 (%)	Share of women in sector in June 2007 (%)	Change in women's employment ^a (%)		Change in men's employment ^a (%)	
			Jun 07–Sep 10	Oct 10–Aug 13	Jun 07–Sep 10	Oct 10–Aug 13
Goods	16.2	22.6	–19.3	1.2	–20.6	6.2
Construction	5.6	12.3	–25.0	5.1	–28.9	6.1
Mining and logging	0.5	12.8	6.5	18.2	–1.3	19.1
Manufacturing	10.1	28.8	–18.5	–0.2	–16.3	5.3
Private services	67.7	52.9	–2.7	5.9	–4.3	6.6
Trade, transportation and utilities	19.3	40.7	–7.9	5.1	–6.9	4.4
Professional and business services	13.0	44.7	–6.8	11.4	–6.2	10.2
Leisure and hospitality	9.7	52.5	–2.8	8.8	–1.3	9.2
Financial services	6.1	59.8	–9.7	0.8	–6.0	5.6
Education and health	13.5	77.5	6.7	5.4	8.9	7.6
Information	2.2	42.4	–14.8	–2.1	–8.5	–0.2
Other services	4.0	51.9	–1.2	1.4	–5.0	2.9
Government	16.1	56.6	1.2	–2.0	–1.0	–2.0

Source: Calculated using data from the United States Bureau of Labour Statistics 2014.

^a To calculate the percentage change in employment, we use June 2007 total as the reference value.

employment-to-population ratio, which had narrowed to 9.5 percentage points by January 2010 from 13.7 points in April 2007, is gradually widening again.¹⁹

Evidence from the European Union (EU) suggests a similar pattern, although the recovery has been much slower than in the United States. Figure 3-2A shows that the decline in men's total employment is more pronounced than women's, which stayed relatively flat between 2008 and the third quarter of 2012. This pattern is even starker in countries that are still in the midst of the crisis such as Greece, Ireland, Portugal and Spain, where the downward spiral in total employment is still ongoing for both women and men (see Figure 3-2B). Using various measures, Bettio et al. (2012) indicate that men's employment dropped earlier and faster than women's, resulting in a gender gap of 10.9 percentage points in the employment-to-population ratio in 2012, down from 14.1 points prior to the recession. In Greece, Ireland, Portugal and Spain, for example, the average gender gap in employment declined by 9.2 percentage points between the third quarter of 2007 and the first quarter of 2013.

However, a reduction in the gender gap does not imply progress in gender equality. At peak values before the recession began, 10 EU member States were above the target figure of a 65 percent employment rate mark for women aged 15 to 64 years, but that number fell to six member States in 2012 as Estonia, Latvia, Slovenia and the United Kingdom slipped below the mark (*ibid.*: 93).

As in the United States, more jobs have been lost in sectors where men predominate. But within these sectors, women have been exposed to discrimination and a disproportionate loss of earnings. In the United Kingdom, for example, explicit forms of discrimination were accompanied by others such as the loss of unemployment benefits and reduced or cancelled measures to reconcile family life and work that affect women more than men due to their greater unpaid care responsibilities (Vaughan-Whitehead 2012).

Earnings data paint a more complex picture with different patterns observed across countries. Figure 3-3a shows the changes in median wage and salary income

FIGURE 3-2A
Total employment in the EU (27) (2005–2013)

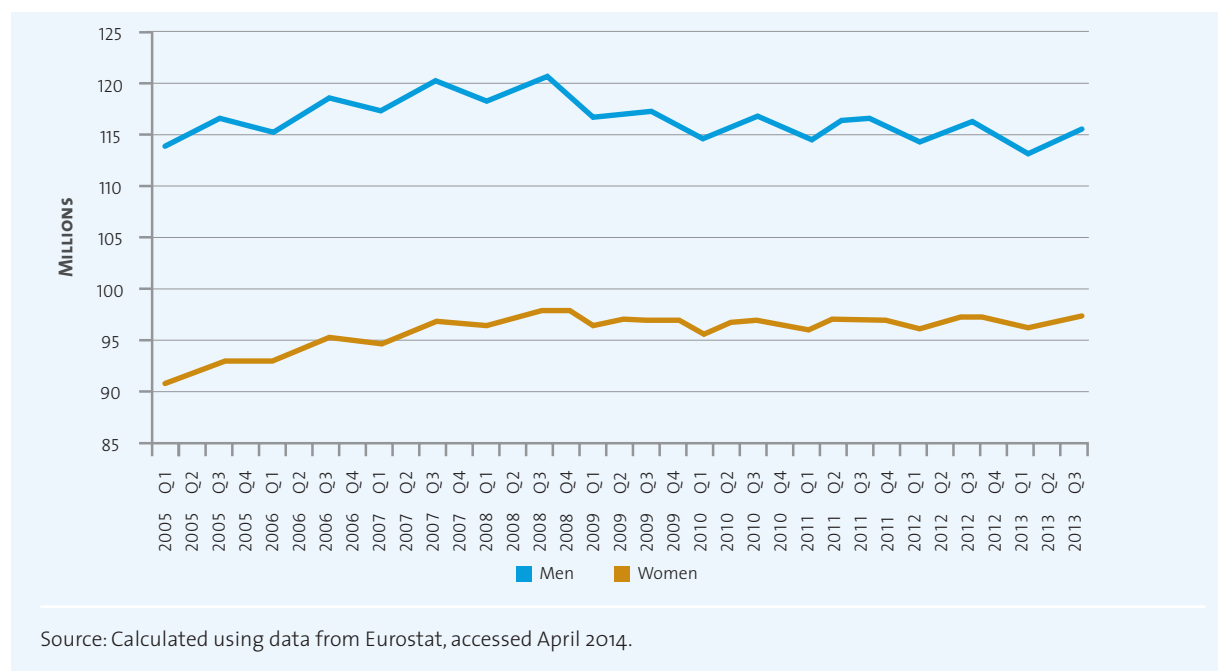
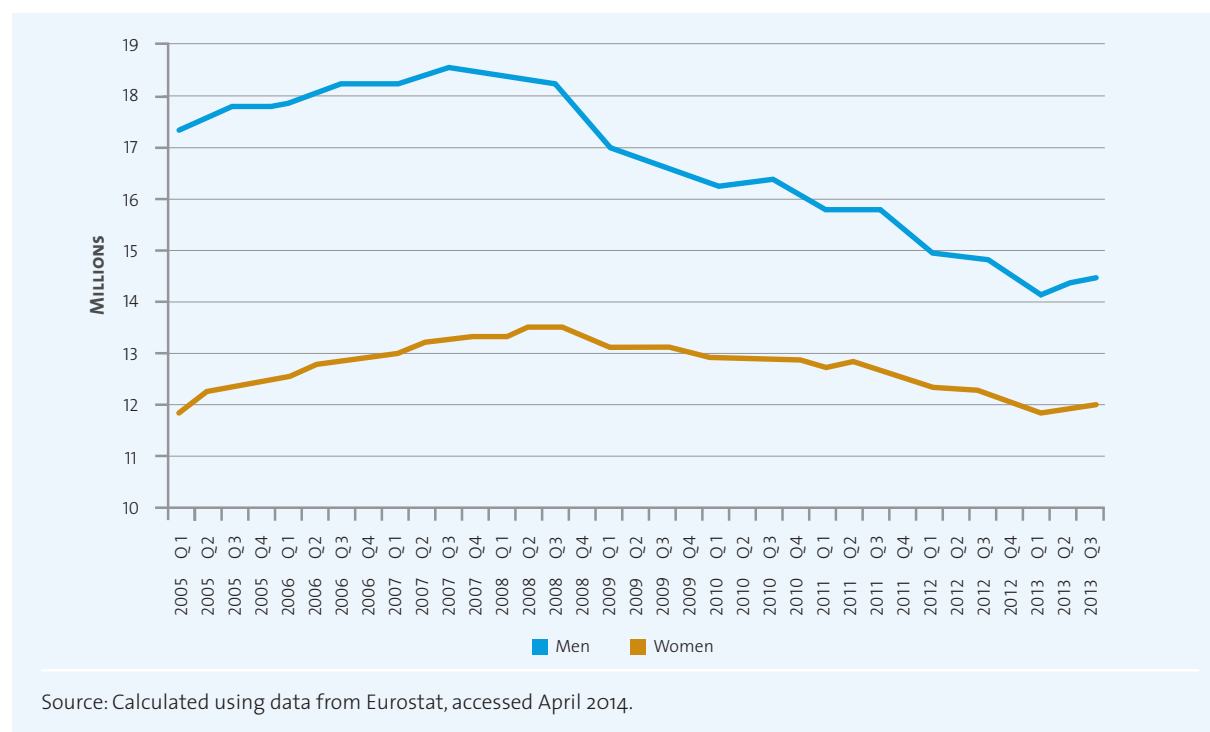


FIGURE 3-2B**Total employment in Greece, Ireland, Portugal and Spain (2005–2013)**

for women and men working full time throughout the year in the United States between 2003 and 2012. While the period before the crisis was associated with a relatively steady decline in the gender gap, the crisis may have slowed the trend that, based on recent findings, can be explained by pure wage discrimination (Biddle and Hamermesh 2013). This is also in a context where the share of women in particular income brackets declines as earnings go up (Figure 3-3b). Similarly, for the United Kingdom Vaughan-Whitehead (2012) found that the crisis may have halted a long period of greater wage convergence between women and men.

In contrast to the United States, Bettio et al. (2012) found that the gender pay gap declined in the 16 EU member States for which data are available. However, these changes were driven in part by the reduction of extra wage benefits such as bonuses that tend to favour men. For example, in Estonia the narrowing gap is more the result of a decline in men's wages than of progress for women (Anspal and Rõõm 2010, cited

in ILO 2013b). Similarly, findings from ILO research indicate that the gender wage gap declined through a downward levelling of male wages in the majority of countries for which data are available between 1997–2007 and 2008–2011 (ILO 2013b: 5).

Other indicators of labour market distress such as unemployment, the number of discouraged workers and non-standard forms of employment, including involuntary part-time employment, tell a similar story of downward convergence towards greater gender parity in the United States and EU during the crisis. However, as the recovery is setting in, gender gaps are widening again (see Figure 3-4),²⁰ and there is evidence that many of the retrenched workers who have found jobs are either hired on a part-time basis or found jobs that paid substantially less than their previous ones (Farber 2011).

In addition to these gender differences, wide divergences have emerged between different groups of

FIGURE 3-3A

Gender differences in median wages and salary income among full-time workers in the United States (2003–2012)^a

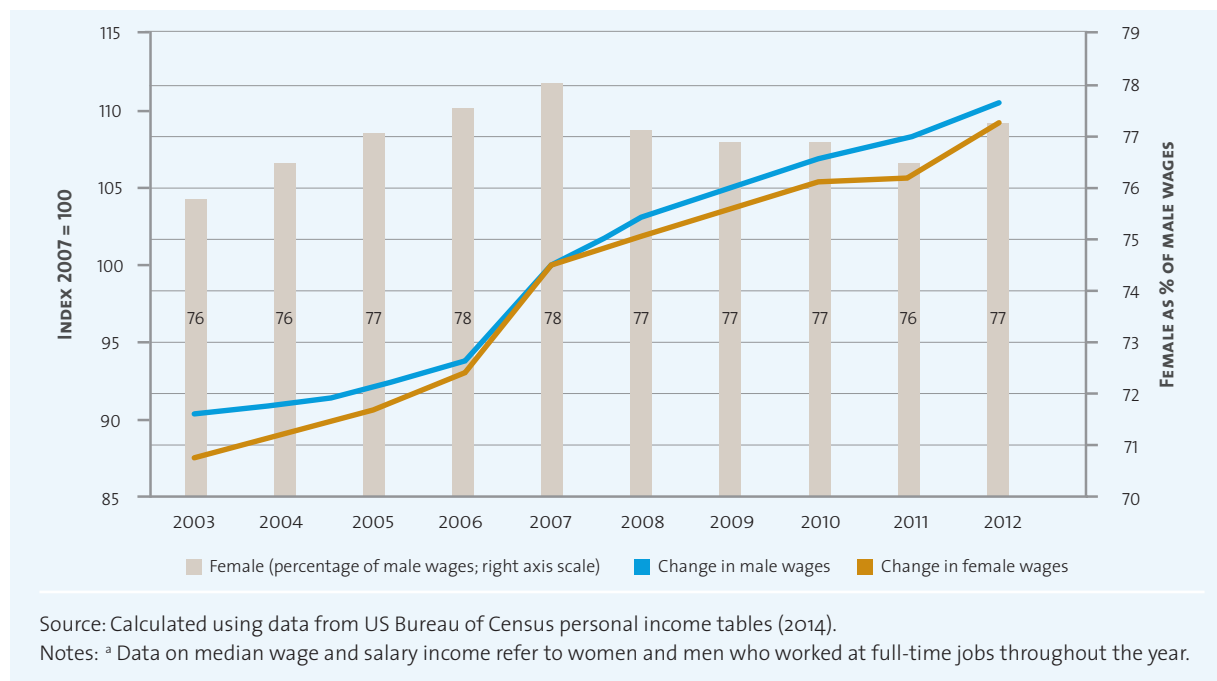


FIGURE 3-3B

Share of women in earnings brackets (2012)

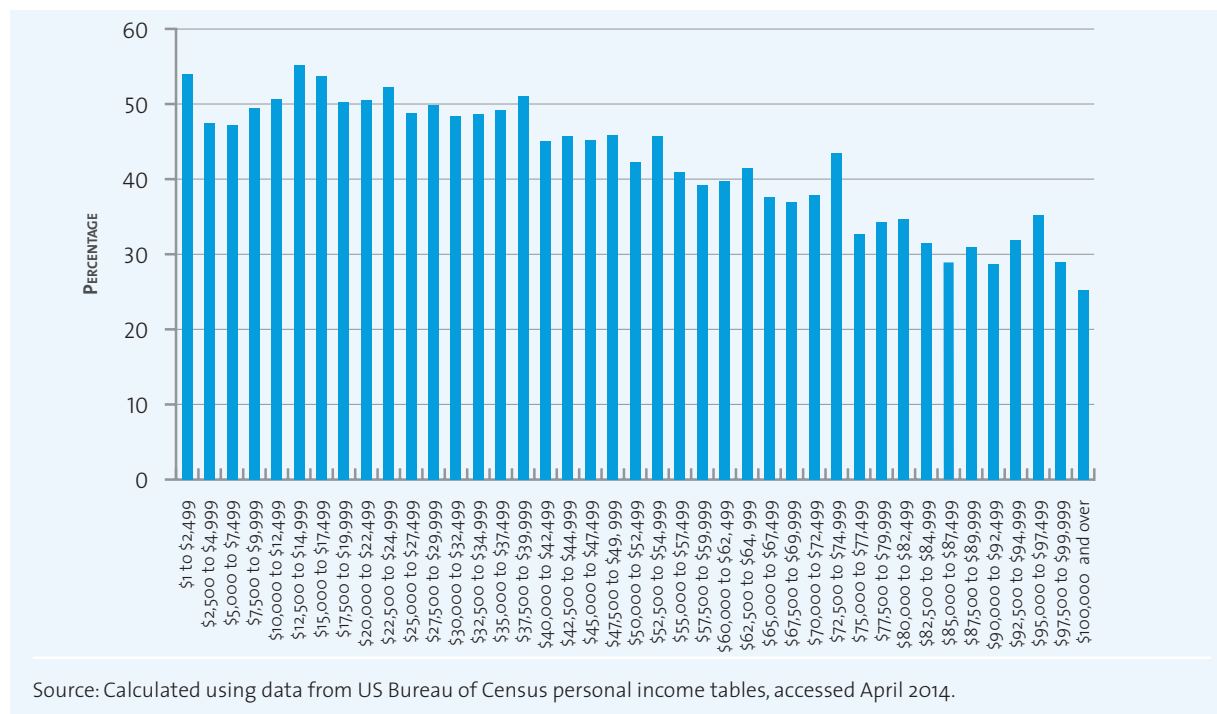
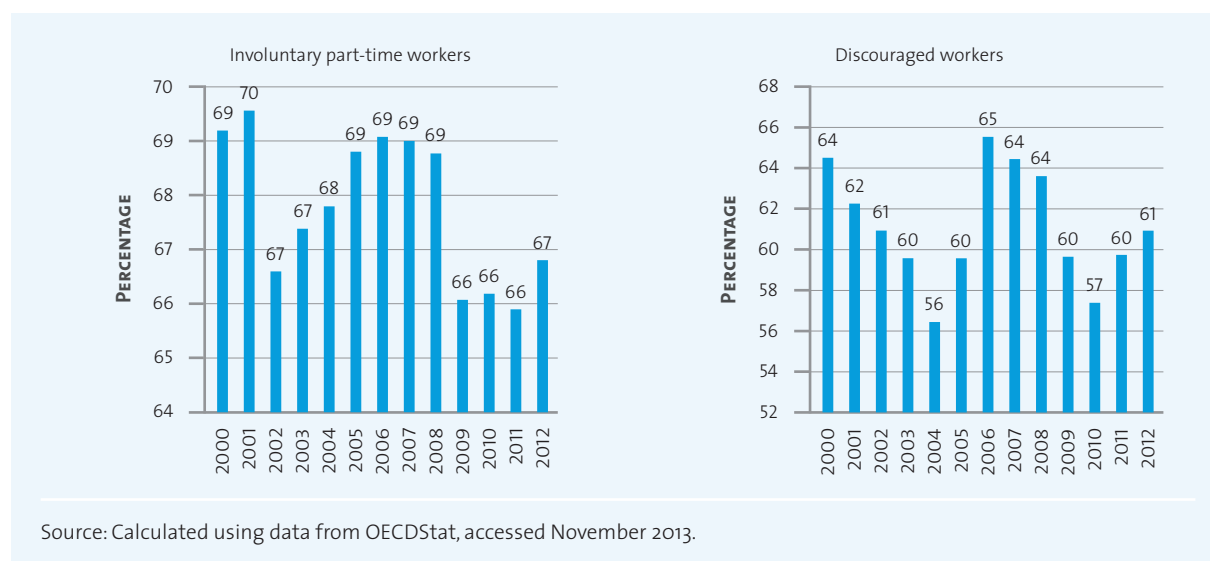


FIGURE 3-4
Share of workers who are women in OECD countries



workers, contributing to increasing workplace inequalities and threatening the economic and social fabric of those countries (ILO 2013e, 2013f). Compared to older workers, young people have been hard hit in most European countries. In Greece and Spain, for example, youth unemployment has increased from 22.9 and 18.2 percent in 2007 to 55.3 and 53.2 percent in 2012, respectively. In another six European countries, youth unemployment rates have either doubled or tripled during this period. Similarly, the unemployment rate of low-skilled workers in the EU increased from 9.2 percent in 2007 to 16.8 percent in 2012, compared to an increase from 3.6 percent to 5.6 percent for high-skilled workers.

Although the crisis arguably had a greater impact on men's employment in industrialised economies, the recovery is now favouring them. For example, in the United States between March 2010 and March 2013, men's employment grew by 2 percent annually, which is higher than the long-term pre-crisis average of 1.3 percent. In contrast, women's employment has grown by 1.2 percent annually, which is below the pre-crisis average of 1.7 percent.²¹ If these asymmetric patterns in employment growth continue, gender gaps could surpass pre-crisis levels. Although the slower recovery

could significantly delay employment growth in Europe, early indicators suggest a pattern similar to that in the United States (Figure 3-4).

Another trend affecting women is the impact of austerity measures on jobs in the public sector. Traditionally the public sector has offered women better quality employment, higher wages and access to pensions and other social benefits. However, austerity measures have affected the quantity and quality of public sector jobs, and women are likely to shoulder the brunt of these impacts (Rubery 2013). In the United States since October 2010 public sector job cuts have amounted to 2.0 percent of pre-crisis levels, even though during the crisis this sector only expanded by 0.2 percent. Given that 18 percent of working women in the United States are employed by government, as opposed to 14 percent of male workers, any proportional cuts in employment will have a greater impact on them (Table 3-1).

Similar kinds of austerity measures are observed in other OECD countries, where 57.9 percent of public sector employees are women.²² The OECD's 2010 fiscal consolidation survey indicates that about 20 countries have announced near-term wage cuts and 15 have announced staff reduction plans, including reducing

replacement ratios as well as regular job cuts (OECD 2011). The result has been a reduction in the wage bill from 11.4 percent of GDP in 2009 to 10.8 percent in 2011 (OECD 2012), which will result in increased gender gaps in employment and wages. Furthermore, unlike private sector employment, which is rebounding where the recovery is taking place, any cuts in public sector employment are more likely to be permanent.

In conclusion, the crisis in industrialised economies has negatively impacted employment for both men and women. Men were more affected initially and the

short-term recovery is benefiting them more. However, the combination of faster progress for men in sectors where they are more represented and the turn towards wage and job cuts in the public sector, which women have historically dominated—and which, as previously noted, has traditionally been a better employer for them—is a cause for concern. Indeed, if current trends continue, the so-called ‘*he-cession*’, which had a range of negative impacts on women to begin with, may result in their further longer-term disadvantage relative to men. Therefore, concrete policies are needed to improve women’s employment outcomes.

3.2

Impact on women’s and men’s employment in developing economies

The lack of timely data in many developing countries is a major impediment to assessing the impact of the crisis on women and men. Based on available global data, between 2007 and 2012 the employment-to-population ratio was reduced by one percentage point from 61.2 percent. During this period the gap between women and men increased by 0.2 percentage

points, but with substantial variations across regions. While the gender gap has narrowed in Latin America and sub-Saharan Africa to a more limited extent, it has widened in most of Asia, central and south-eastern Europe and CIS, the Middle East and North Africa (see Table 3-2).

TABLE 3-2
Gender gaps in employment-to-population ratios by region (in percentage points)

Region	2007	2008	2009	2010	2011	2012	$\Delta(2007 - 12)^a$
Central and south-eastern Europe (non-EU) and CIS	17.8	18.3	17.6	18.0	18.4	18.7	0.9
Eastern Asia	11.2	11.3	11.3	11.2	11.3	11.4	0.2
South-Eastern Asia and Pacific	22.6	22.2	22.1	22.6	22.6	22.4	-0.2
Southern Asia	46.1	46.6	47.2	48.3	48.2	48.0	1.9
Latin America and the Caribbean	28.3	28.0	26.9	26.4	26.0	25.7	-2.6
Middle East	51.9	51.9	52.0	52.2	52.3	52.3	0.4
Northern Africa	47.7	48.2	48.6	48.5	48.5	48.2	0.5
Sub-Saharan Africa	11.6	11.6	11.5	11.4	11.5	11.5	-0.1
World	24.6	24.6	24.5	24.7	24.8	24.8	0.2

Source: Calculated using data from ILO 2013a.

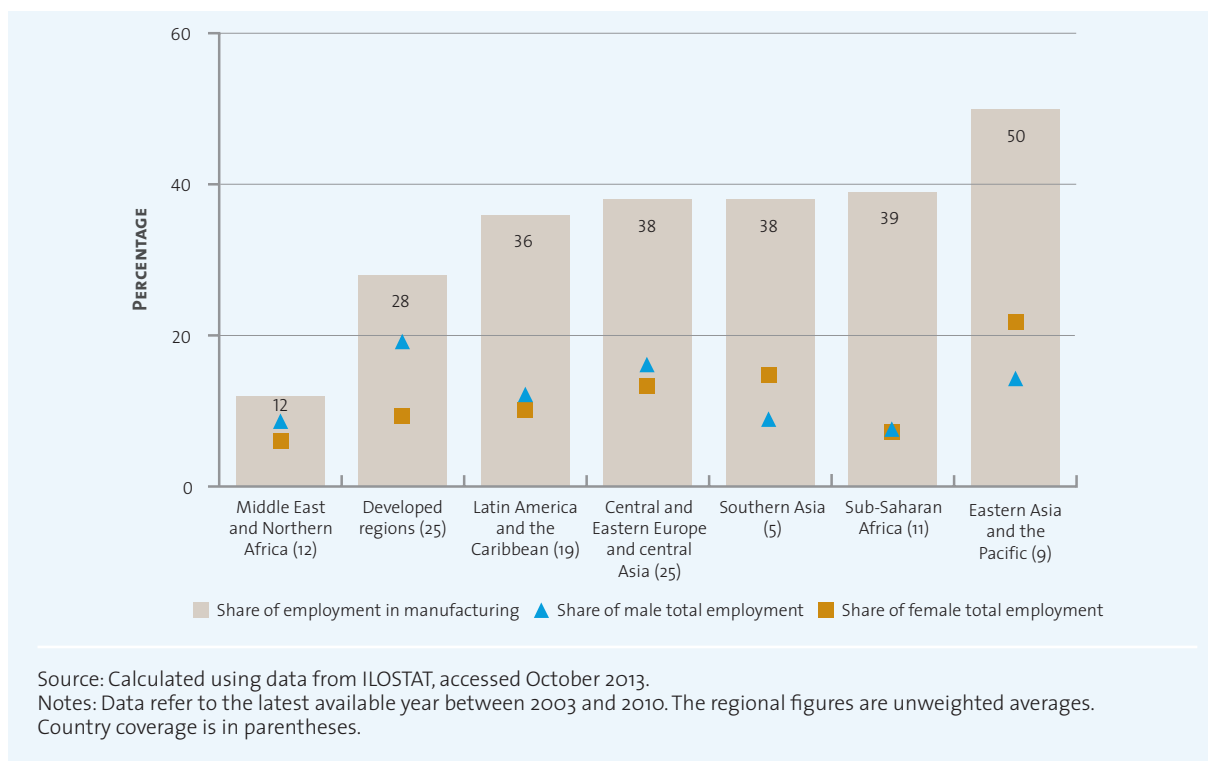
^a The change between 2007 and 2012 represents the difference between the value observed in 2012 and the value in 2007. A negative value represents a reduced gender gap while a positive value indicates an increase.

A number of drivers explain the different impacts observed across countries and regions. These include, for example, different levels of exposure to economic fluctuations in industrialised countries due to the relative importance of exports in overall production, as well as the composition of women's employment relative to men's (which in turn is determined by many factors including social, legal, economic and cultural factors). In Asia the worsening situation for women is explained by their over-representation in the export sector, which has been particularly hard hit. In Eastern Asia and the Pacific, for example, the manufacturing sector employs more than one in five women (compared to about one in seven men) and women are half of the total employees in this sector (Figure 3-5). In Thailand women lost 215,000 net jobs in the manufacturing sector between 2007 and 2011 compared to 44,000 for men, a ratio of 5:1. In 2012 as the recovery set in, however, nearly twice as many jobs were created for men in this sector (60,000 compared

to 38,000 for women). This pattern also mirrors overall job growth between 2011 and 2012, when two thirds of the 474,000 new jobs were for men. Given that women constituted 53 percent of workforce in the manufacturing sector in 2007, this is clearly an indication that they lost their jobs early and more often compared to men.²³

Similar findings that women factory workers bore the brunt of job losses emerge from other Asian countries. In the Philippines 40,000 jobs were lost in export processing zones where women make up 80 percent of the workforce (Emmett 2009). In India, the textile industry lost over 700,000 jobs (ibid.). In Cambodia 63,000 women or 18 percent of the total workforce of the garment industry lost their jobs (ILO Regional Office for Asia and the Pacific and ADB 2011). Furthermore, aggregate statistics are often not well suited to capture true impact. In small-scale studies looking at the impact of the crisis, women who lost

FIGURE 3-5
Women's employment in the manufacturing sector by region (2010)



their jobs also report unpaid arrears and severance pay as well as loss of other benefits and entitlements (Emmett 2009).

However, the patterns observed in Asia cannot be generalised. Looking at data from 17 middle-income countries before and after the crisis, Cho and Newhouse (2013) find that the impact of the crisis on men was greater in terms of loss of wage employment and unemployment, mainly because of their greater participation in paid work but also because of their greater representation in sectors such as industry and construction that were heavily affected by the crisis. Similarly, using the 2010 Life in Transition Survey, Tamar (2013) finds that the crisis has led to a negative labour supply response for both women and men. However, for women, the study finds that the discouraged worker effect was more than offset by an added worker effect, particularly for married women aged 45 to 54 with no children in the household, while for men the initial sectoral contraction in employment was subsequently compounded by a discouraged worker effect (*ibid.*). In Bulgaria the unemployment rate for men increased by 1.5 percentage points compared to 0.8 points for women in 2009, largely due to declines in manufacturing, agriculture, real estate and construction (ILO 2011a). Similar findings emerge for Argentina and South Africa (ILO 2011b, ILO 2011c).

Standard measures of employment and unemployment tend to underestimate the true extent of labour market adjustments during a crisis. In developing countries where social security systems are not well developed, during a crisis people tend to adjust to the loss of jobs through informal employment (Bosch and Maloney 2006, Maloney 2009, Ghosh 2010b, United Nations 2011). In some cases, to make up for lost income, self-employed people may be under pressure to work longer hours. This is particularly relevant for women, who are not only overrepresented in informal employment but also working longer hours and shouldering the majority of unpaid care and domestic work, thus stretching their total work burdens and cutting down on time for rest and self-care (see Section 4). Girls and boys are also affected by their mother's increased burdens, but these knock-on effects are often overlooked. In particular, these forms of adjustments are not always well captured in labour force surveys,

making standard labour market statistics less than adequate.

Table 3-3 looks at the annual change in the share of workers in vulnerable employment from 2000–2007 and 2008–2012.²⁴ Overall, the annual change declined slightly in both periods but with some variations across regions. Except for Eastern Asia, South-Eastern Asia and the Pacific, all other regions have seen a marked deceleration in the decline of the share of workers in this form of employment.

Between the two periods the share of women in vulnerable employment declined slightly faster than that of men, led mainly by rapid declines for women in Eastern Asia and stalled progress for men in the Middle East, Northern Africa and sub-Saharan Africa, contributing to a slight narrowing of gender gaps. At the same time, in industrialised economies, central and south-eastern Europe and CIS and Latin America and the Caribbean, the rate of change for women decelerated faster than that for men. Northern Africa is the only region where the share of women in vulnerable employment actually increased in both periods.

Obviously, informal employment is a much broader concept than vulnerable employment, but the lack of reliable time-series data makes it impossible to definitely assess the extent to which this sector has acted as a buffer during the crisis. However, there is scattered country-level evidence to suggest that substantial numbers of retrenched workers resorted to informal employment. For example, in El Salvador official data indicate that formal employment declined by about 6 percent by 2010 (ILO 2011d). And in instances where women's employment increased more than men's, such as in Indonesia (which saw women's employment grow by 2.8 percent between 2008 and 2009 compared to 1.9 percent for men), there was an increase in informal employment by 2 million workers, 68 percent of whom were women (ILO 2010). Similarly, in an extensive qualitative study of the impacts of the crises, Hossain et al. (2013) find that women increased their participation in paid work but mainly through precarious and low-quality forms of paid work, which also had various repercussions on the care work that they usually perform.²⁵ In some cases, the loss of employment, compounded by rising food prices and

TABLE 3-3

Annual change in the share of vulnerable employment (2000-2007 and 2008-2012) by region (percentage points)

	Both sexes		Women		Men	
	2000-07	2008-12	2000-07	2008-12	2000-07	2008-12
World	-0.24	-0.27	-0.33	-0.43	-0.19	-0.20
Developed economies and European Union	-0.11	-0.02	-0.21	-0.05	-0.03	0.00
Central and south-eastern Europe (non-EU) and CIS	-0.50	-0.08	-0.49	-0.03	-0.51	-0.15
Eastern Asia	-0.47	-0.93	-0.60	-1.20	-0.36	-0.70
South-Eastern Asia and the Pacific	-0.40	-0.35	-0.47	-0.40	-0.37	-0.30
Southern Asia	-0.20	-0.52	-0.40	-0.60	-0.11	-0.48
Latin America and the Caribbean	-0.50	-0.08	-0.53	-0.18	-0.50	0.00
Middle East	-0.56	-0.35	-0.69	-0.70	-0.59	-0.28
Northern Africa	-0.03	0.03	0.19	0.15	-0.16	0.00
Sub-Saharan Africa	-0.43	-0.22	-0.24	-0.25	-0.59	-0.20

Source: Calculated using data from ILO 2013a.

declining real wages, has led to riskier new occupations such as sex work, gold mining and jungle fishing (ibid.).

Looking at the impacts of the crisis and subsequent recovery in various countries across Africa, Asia and Latin America on home-based workers, street vendors and waste pickers—all of whom are overwhelmingly women—Horn (2009, 2011) reached similar conclusions: the loss of formal sector jobs has driven people into informal employment and this is coupled with reduced demand, lower prices and reduced earnings for informal workers. Studies in Indonesia also found that women home-based workers have been disproportionately affected by the crisis. In Yogyakarta, Indonesia, for example, as manufacturers replaced traditional handmade cloths with cheaper factory-made ones, the number of home-based workers dropped to 60 percent of their pre-crisis levels (Sugarda and Tambunan 2009 and Wijaya 2010, cited in Floro et al. 2010: 39).

Because of a lack of data it is too early to tell whether austerity measures in developing and transition countries (see Section 4) will result in job and pay cuts in the public sector, but all signs point to this. A review of public sector policies in CEE/CIS by Ortiz and Cummins (2013a) indicates that 15 out of 21 countries have adopted or are considering adopting wage-bill cuts, making this form of adjustment the most favoured consolidation measure in this region. For example, in Hungary where women are 62 percent of public sector workers, the initial rise in public sector employment due to an expansion of public works schemes was accompanied by substantial wage cuts. As a result, by the end of 2009 the wage advantage of public sector workers over those in the private sector had all but disappeared (Bálint et al. 2010).

The general conclusion of this analysis is that the crisis has had a significantly negative impact on both women and men. Unlike in industrialised countries, the gender-differentiated effects in developing

countries are not uniform and depend on the extent to which countries were affected by the crisis and the structure of their labour markets. In some cases, such as in Asia, women's exposure to the export sector, particularly in manufacturing, has led to larger declines in employment for them relative to men; in other cases, the disproportionate loss of men's jobs in the construction sector may have contributed to narrowing gender gaps in employment, achieved mainly through a downward levelling of men's outcomes rather than through progress for women. However, where the recovery is underway, there are concerns that men's employment is recovering faster than women's, leading to further increases in gender gaps. Furthermore, there are also concerns that the crisis has led to increases in informal

employment for both women and men, resulting in a further deterioration of their rights at work.

These findings also need to be understood within the broader context of prevailing gender differences in labour markets, where women are at a significant disadvantage relative to men. This has ramifications for women and their families in terms of poverty, health, education and other important socio-economic outcomes. In particular, when household budgets are reduced, women have to spend an increasing amount of time trying to find solutions and alternatives to feed their families, further increasing the inordinate amounts of unpaid care work they already perform on a daily basis. These effects are explored in the next section.



CRISIS IN PUBLIC FINANCE AND AUSTERITY: IMPLICATIONS FOR THE REPRODUCTIVE/ CARE ECONOMY

4.

CRISIS IN PUBLIC FINANCE AND AUSTERITY: IMPLICATIONS FOR THE REPRODUCTIVE/CARE ECONOMY

- Despite the fall in GDP and rising debt levels, the initial policy response to crisis was stimulus spending. The expansionary phase, however, was short lived and by 2010 expansionary fiscal policies were replaced with contraction and austerity.
- Projections based on a recent update to the IMF World Economic Outlook data suggest that fiscal contractionary measures will intensify in 2014 and 129 countries of 181 reviewed will cut public expenditures, affecting an estimated 4.2 billion people.
- While more data over a longer timeframe are needed to evaluate fully the impact on the reproductive sphere, existing evidence suggests that the crisis and subsequent austerity measures—including cuts to child and family benefits, old-age pensions, housing and health care—have intensified unpaid work burdens for women.

Much more has been written about the impact of the financial crisis on economic growth as measured through GDP than about how it has affected people's ability to care for themselves, their families and their communities. For instance, while some attention has been given to the impacts of the crisis on employment and paid work (as described in Section 3), far less attention has been given to the impacts of cuts to welfare benefits and public services that provide and support care activities. However, economic growth—and the prosperity that is perceived to come with it—is not possible without the caring and nurturing of people *by* people. Care activities have intrinsic value, supporting in a direct and meaningful way the well-being of

human beings and the viability of communities and societies.

Like the productive sphere, the reproductive sphere has also been impacted by the financial crisis. As household income has fallen, families have adapted their consumption patterns, consuming fewer and cheaper market-based services and switching to more time-intensive substitutes. This includes cooking more meals at home, mending clothes, shopping around for bargains and participating in the care of other family members (including grandchildren). In Argentina, for example, households increased home food production by 60 percent during the 2001–2002 crisis (Fiszbein

et al. 2003). Similarly, in the United States, evidence from time-use surveys (2007–2010) suggests that in the current recession 45 percent of market hours lost in the workplace have been reallocated to non-market work, including childcare (Aguilar et al. 2013).

The transmission of the financial crisis to the public sector has meant rising public debt levels and shrinking public revenues. These pressures on public finances are being met in both developed and developing countries with cutbacks on welfare services and benefits. These cuts are likely to further intensify unpaid work burdens as households and the women who manage them struggle to make ends meet in a context of fewer and deteriorating services. While more data over a longer timeframe are needed to fully evaluate the impacts, existing evidence suggests that the current crisis has resulted in serious resource depletion in the reproductive sphere.

Obviously there are important exceptions to this global trend, reflecting the political nature of these public policy choices. However, with cuts in public

expenditure planned in 2014 for 129 countries of 181 reviewed, affecting an estimated 4.2 billion people, and reaching 131 countries by 2015, it is clear that such cuts dominate policy responses to the crisis (Ortiz and Cummins 2013a, Cummins 2013). Women, who take on most of the caring responsibilities in both paid and unpaid roles across all economies and cultures, will feel these cuts most acutely. Further, the long-term effects of cuts on economic recovery are likely to be substantial.

This section looks at how the care economy contributes to economic growth and also at how the flawed understanding and measurement of growth conceals the relationship between the two. What results from this flawed framing is indifference towards the value, including economic value, produced by care activities.²⁶ This analysis is critical to understanding how the crisis has affected women and how current policy responses, including cuts to public services and public transfers that enable care work to be performed, will not only disproportionately affect women but also undermine the anticipated recovery.

4.1

Contribution of care work to economic growth

Following UNRISD (2010b), we define *unpaid care work* to include housework (meal preparation, cleaning) and care of persons (bathing a child, watching over a frail elderly person) carried out in homes and communities. Such work contributes to well-being and feeds into economic growth through the reproduction of a labour force that is fit, productive and capable of learning and creativity. While the severity of the crisis is typically measured by its impact on GDP, this metric leaves out two core areas of social reproduction and redistribution. The first is the unpaid care and care-related activities disproportionately performed by women that have enabled families to cope with the sharp and sudden declines in income resulting from the crisis. The second is the range of state-provided social transfers, e.g., family and child allowances and other transfer payments, that support unpaid care work and often provide a lifeline for families on the brink of poverty (United Nations 2010a).

The implication of these omissions is that the reproductive sector and the value derived from the unpaid work devoted to caring and developing people are ignored in policy discussions. What this also shows is that GDP, an aggregate measure of national output, by construction, conceals the role government expenditure (through transfer payments) plays in holding up the consumption of the most vulnerable in society.²⁷ The role these transfers play in allowing people to do more than consume and enabling them to provide care, and through this activity expand human capabilities, is also obscured.

These omissions give the impression that the reproductive sector is not relevant for the recovery from the crisis or, more broadly, to the sustainability of the economy. Yet, the production of what economists call ‘human capital’—the essential ingredient for economic growth and dynamism—is dependent not only on formal education (a role that is recognised by

mainstream economics) but also on non-market activities within families and households. For example, getting pre-natal care, sending a child to school and nursing sick family members back to health raises an economy's future productive capacity and thus generates economic growth.

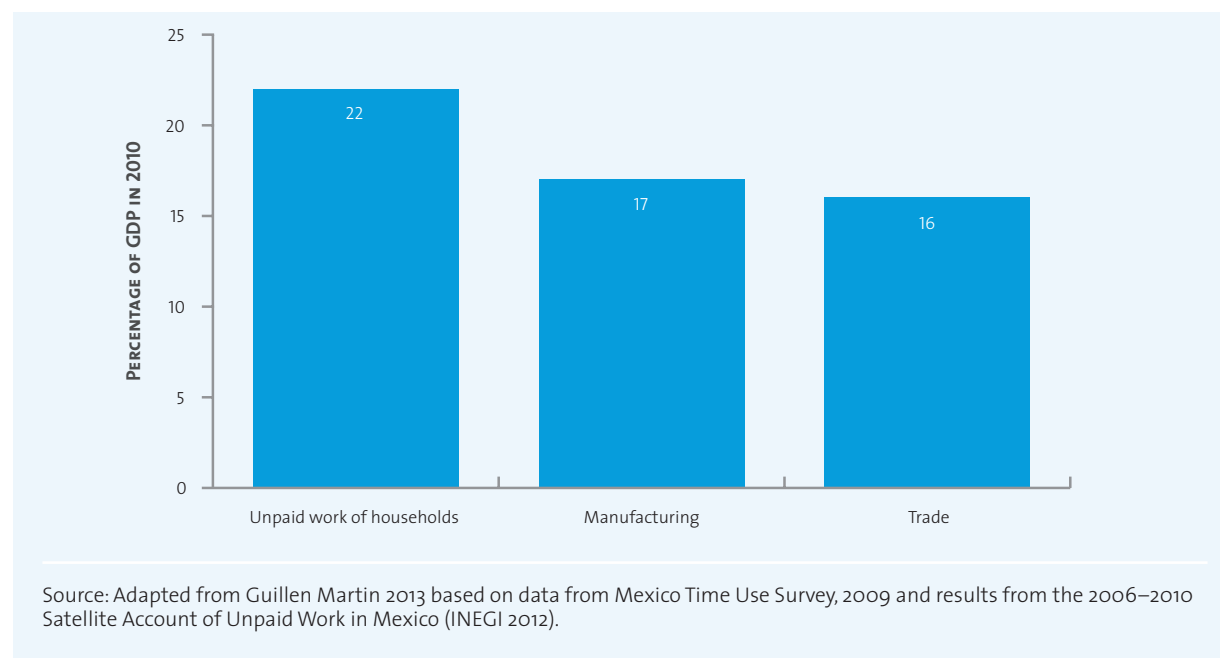
The economic value of the reproductive sphere is now increasingly measured through satellite accounts. In Mexico a recent study by the national statistics office indicated that unpaid care work performed within households was an estimated 2.9 trillion pesos or 21.9 percent of the country's GDP in 2010, equivalent to US \$ 220.7 billion using exchange rate of 30 May 2014 (see Figure 4.1). Women's unpaid work accounted for over three quarters of this total (INEGI 2012, Guillen Martin 2013).

Similar findings are found for other countries, with estimates ranging from 30 percent of GDP in Nicaragua to 45 percent in Canada and between 20.1 percent and 36.8 percent for a sample of 24 EU

countries (Harvey and Mukhopadhyay 2007, ECLAC 2007, Giannelli et al. 2010).²⁸

Further, government spending on transfer payments such as family and child allowances, housing benefits and so forth plays a crucial role in sustaining people *and* jump-starting the economy. Social benefits put money in the pockets of those hardest hit and least able to cope with the impacts of the crisis. Spending in support of paid and unpaid carers not only stimulates aggregate demand but also contributes to the production and expansion of human capabilities. In addition, there is ample evidence that these transfers can act as automatic stabilisers (Dolls et al. 2010, Romer and Romer 2013). In recent research, even the IMF—often a proponent of austerity—now admits that the fiscal multiplier effect of increasing government spending is sufficiently large to more than counteract the negative economic effect of adding to the government's debt during an economic downturn (Blanchard and Leigh 2013).

FIGURE 4-1
Estimated contributions of selected sectors to the Mexican economy



4.2

From massive bailouts to austerity

In the aftermath of the financial crisis, governments that were at the epicentre of the crisis used public funds to bail out the financial sector under the premise that anything short of this would result in the collapse of the global economy.²⁹ The interventions effectively moved bad debt and liabilities from the balance sheets of banks onto those of the government. The impact of these bailouts of financial institutions, combined with the downturn in economic activity resulting from the financial crisis, has contributed to a rapid increase in public debt relative to GDP.

Table 4-1 shows the estimated impact of financial sector support on gross public debt as a percentage of 2012 GDP. The table also shows how in all countries except the United States and to some extent the Netherlands, efforts to recover the cost of the bailout from banks are coming up empty-handed (IMF 2013). Meanwhile, the fiscal deficit and rising public debt associated with these bailout efforts are forcing governments to make cuts to core areas of public provisioning.

TABLE 4-1
Financial sector support (as a percentage of 2012 GDP)

	Impact on gross public debt and other support	Cost recovery to date	Impact on gross public debt and other support after recovery
Belgium	7.6	2.5	5.1
Cyprus	10.0	0.0	10.0
Germany ¹	12.8	1.9	10.9
Greece	21.8	6.4	15.4
Ireland ²	40.4	5.7	34.7
Netherlands	15.6	10.7	4.9
Spain ³	7.6	3.1	4.5
United Kingdom	6.6	2.2	4.4
United States	4.6	4.6	0.0
Average	6.9	4.1	2.9
US \$ billions	1,752	1,029	722

Source: Table 7 in IMF 2013b.

Note: The table shows fiscal outlays of the central government, except in the cases of Belgium and Germany for which financial sector support by subnational governments is also included. Data are cumulative since the beginning of the global financial crisis—latest available data up to August 2013. Data do not include forthcoming support.

- 1 Support here includes the estimated impact on public debt of liabilities transferred to newly created government sector entities (about 11 percent of GDP), taking into account operations from the central and subnational governments. As public debt is a gross concept, this neglects the simultaneous increase in government assets. With this effect taken into account, the net debt effect up to 2012 amounted to just 1.6 percent of GDP, which was recorded as deficit.
- 2 The impact of the direct support measures is mainly on net debt as significant recapitalisation expenses were met from public assets. Direct support does not include asset purchases by the National Asset Management Agency (NAMA) as these are not financed directly through the general government but with government-guaranteed bonds.
- 3 Direct support includes total capital injections by the Fondo de Reestructuración Ordenada Bancaria (FROB) and liquidity support.

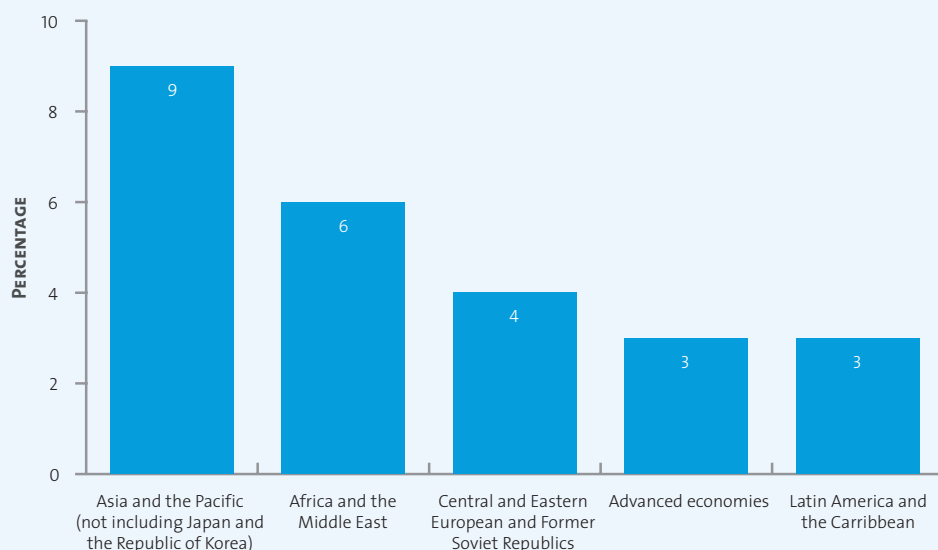
In Ireland, for instance, where bailout efforts totalled an estimated 40 percent of GDP in 2012, only 5.7 percent of this has been recouped from the financial sector. The strain of this on public finances is causing precipitous declines in public spending on core social programmes including, for example, spending on family and child benefits, which fell by 11 percent in real terms from 4.0 billion euros in 2007 to 3.6 billion by 2012.³⁰ The comparison illustrates how spending on core public services has been diverted to make room for public support of the financial sector. The true cost of the bank bailouts, therefore, not captured in the table, relates to the forgone opportunities for greater investments in public services and social transfers.

The full extent of the damage will remain unclear for some time, particularly as governments continue to inject cash into failing banks and reforms to the banking sector are diluted, stalled or shelved altogether. In the Netherlands, for instance, further bank bailouts are expected to cost an additional 0.6 percent of GDP over and above other loans and guarantees that are estimated at 1 percent of GDP.

Yet, despite the fall in GDP and rising debt levels, the response at least initially (2008–2009) was a coordinated global effort to prop up aggregate demand through large increases in government spending and the introduction of fiscal stimulus programmes. From a sample of 181 countries, 144 pursued expansionary measures in 2008–2009 when compared to spending levels pre-crisis (2005–2007). The average expansion amounted to 3.9 percent of GDP (Ortiz and Cummins 2013a).³¹

Stimulus packages were employed widely across developed and developing countries alike, in various forms and sizes. In China the stimulus package represented 12.7 percent of its 2008 GDP, but the package was much smaller among G20 countries—for example, France, Russian Federation and the United Kingdom had stimulus packages worth less than 2 percent of GDP. The regional average for Asia and the Pacific, not including Japan and the Republic of Korea, was 9.1 percent of GDP. In Africa and the Middle East it was 5.9 percent and in Latin America and the Caribbean only 2.6 percent (see Figure 4-2) (ILO et al. 2010).

FIGURE 4-2
Stimulus response to the crisis (as a percentage of 2008 GDP)



Source: ILO et al. 2010.

Notes: Weighted averages, based on a sample of 65 countries. Assistance to the financial sector, e.g., loan guarantees, are not included here as part of the stimulus package. See ILO et al. 2010 for a full description of caveats related to estimating the size of fiscal stimulus packages.

The priority areas for this spending also varied widely, but in broad terms G20 countries focused their efforts on tax cuts while developing countries used the added spending to finance investments in infrastructure (although this is true in some G20 countries as well, e.g., Australia, Canada and France). Far less of the stimulus spending went to support transfers to low-income individuals and households (see Figure 4-3).

The expansionary phase was instrumental in mitigating the adverse effects of the crisis but it was also short lived, ending before a full recovery could take hold. By 2010 expansionary fiscal policies were replaced with contraction and austerity, tapering off somewhat in 2012 and 2013, only to

be taken up again subsequently. Projections based on a recent update to the IMF World Economic Outlook data suggest fiscal contractionary measures among high-income countries will again intensify in 2014 and continue well into 2016, as shown in Figure 4-4. A similar fiscal outlook is projected for developing countries (discussed in greater detail in Section 4.4).

Thus despite a sluggish recovery and the ongoing need for countercyclical policies, governments are rapidly making U-turns and cutting funding for key areas of social policy. In many cases, spending on old-age pensions has been reduced while existing social protection programmes are becoming more narrowly targeted (Ortiz and Cummins 2013a).

FIGURE 4-3
Decomposition of the stimulus response to the crisis

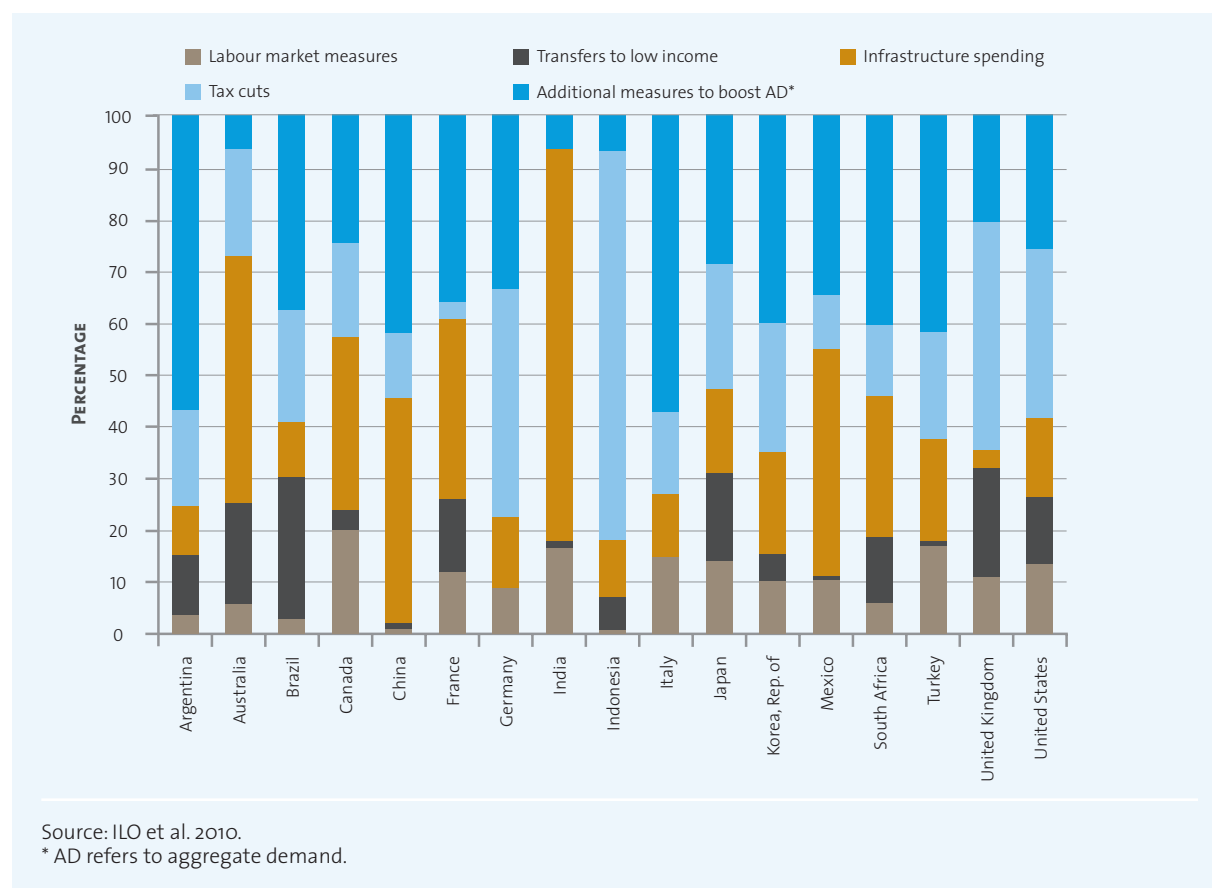
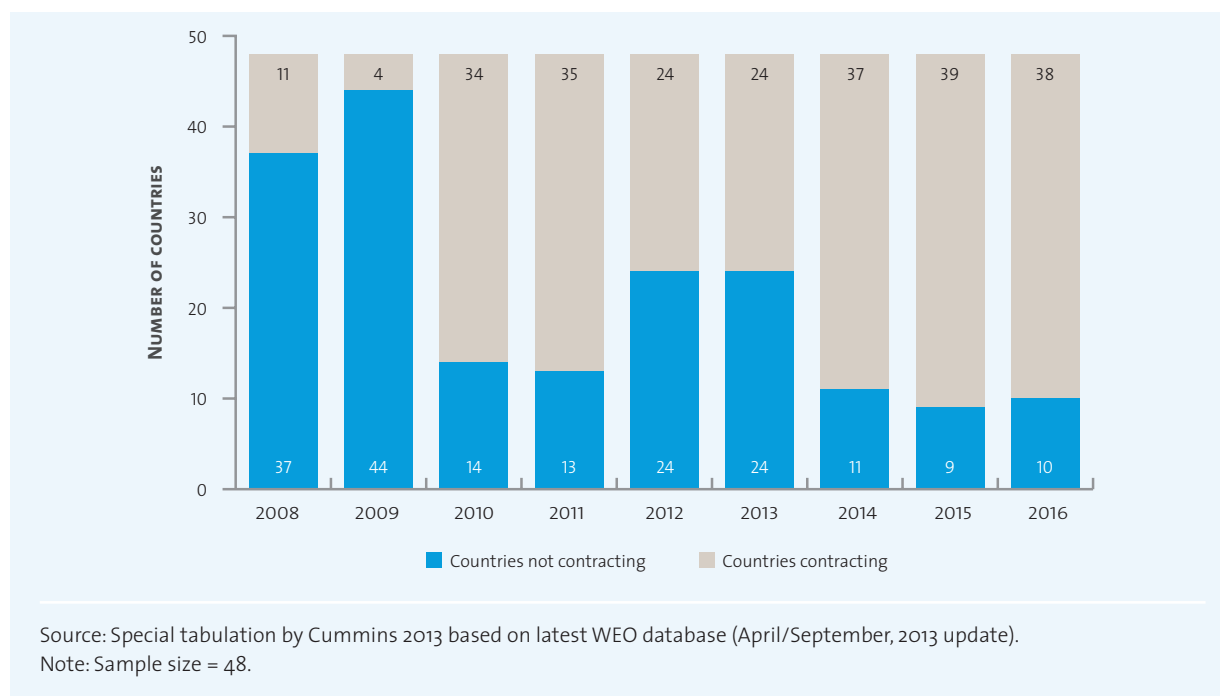


FIGURE 4-4

Changes in government spending among high-income countries, measured by year-on-year change, as a percentage of GDP



4.3

Impact of the ‘age of austerity’ on Europe and other developed countries

In this section we explore how the austerity measures are affecting child and family benefits, old-age pensions and housing support in a sample of 25 European countries. These three areas are particularly important for women, both as recipients of care (given their greater reliance on public services) and as unpaid

carers who, due to the cuts, are forced to assume an even greater role in meeting the needs of family members and other dependents. We also look at the impact of austerity measures on the health sector and health-care services using evidence from the existing literature.

4.3.1

Child and family benefits

Family and child benefits exist in the form of cash payments, tax allowances or tax credits. These transfers are especially important during times of economic distress as they may be the only source of stable income for families, especially among the poorest and most vulnerable. Women, given their greater role in caregiving and childcare, are often the primary recipients of

these transfers and are particularly likely to be hurt by the austerity-related cuts to these benefits.

In the 25 European countries reviewed, while expenditure on family and child benefits as a percentage of GDP initially increased during the stimulus phase, this was short-lived, peaking in 2009 before falling in

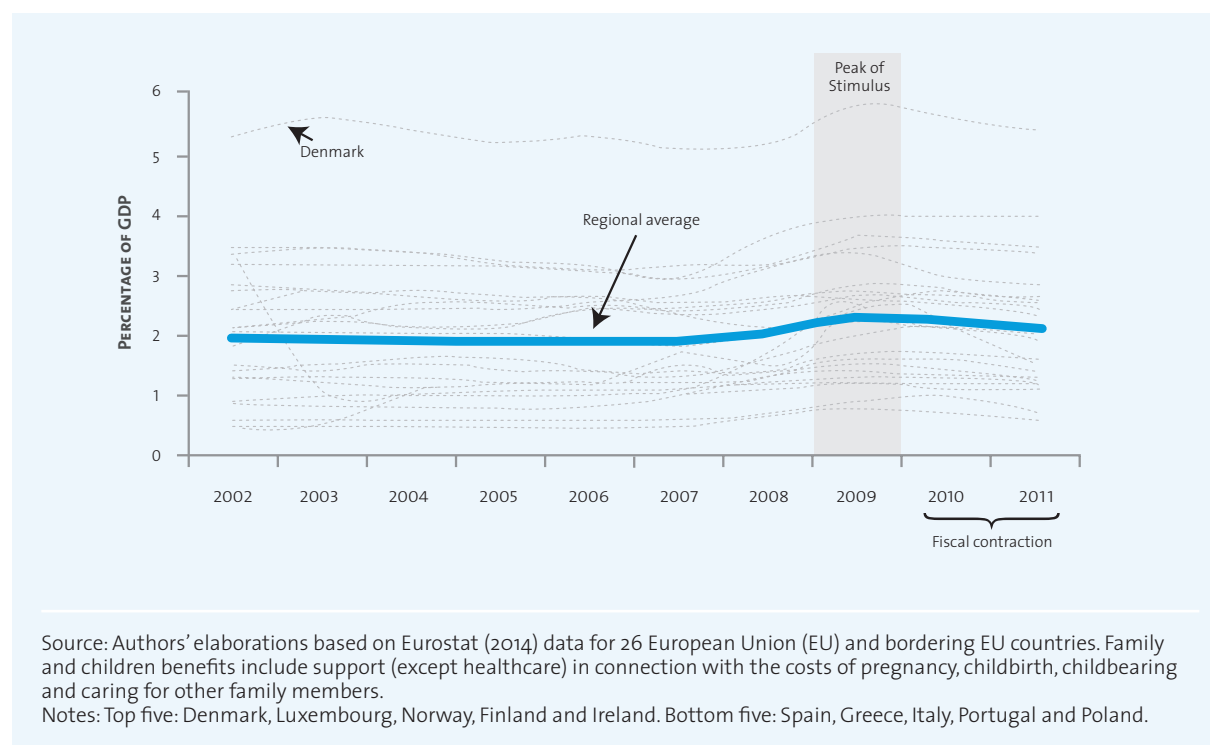
some cases to below pre-crisis levels (see Figure 4-5). On average, expenditure on family and child benefits as a share of GDP increased by 0.4 percentage points between 2007 and 2009 (from 1.9 percent to 2.3 percent of GDP). The increase in terms of GDP, however, is mostly due to a drop in GDP and not to a strong increase in spending on benefits (Eurostat 2014).

In some cases where benefit levels increased in real terms in the stimulus period, this was more the result of pre-crisis policy than a response to crisis. For example, expenditure on child and family benefits in Germany rose in real terms from 30.7 billion euros in 2008 to 35.0 billion in 2009, but the upward trend had already been initiated back in 2007 with the introduction of an entitlement for new parents to a cash allowance of between 300 and 1800 euros for 14 months if shared between parents or 12 months if taken by only one parent (German Federal Ministry of Family Affairs, Senior Citizens, Women and Youth 2012).

In 14 out of 23 countries³² for which there are data on real expenditures, total government expenditure on family and child benefits declined in 2012 to below 2008 levels, thus wiping out the 2009 boost entirely. The 14 countries are: Austria, Cyprus, Czech Republic, Denmark, Estonia, Greece, Hungary, Ireland, Italy, Lithuania, Malta, the Netherlands, Portugal and the United Kingdom.³³

In the case of the United Kingdom, cuts to family and child benefits include a reform of the Child Benefit programme in 2012. This reform reduced the programme from a universal entitlement to a means-tested benefit that tapers off as income rises. With the reform the benefit is withheld altogether from families in the upper end of the tax bracket. Moreover, a review by the Women's Budget Group (WBG) of the 2013 budget finds that the benefit will remain frozen for the period 2012–2014, limiting its impact and diminishing its value as a means of income support for families struggling with the rising costs of raising

FIGURE 4-5
Total general government expenditure on benefits for families and children



children. Changes in eligibility and cuts to benefit levels are a particular blow to the many women who are financially dependent on their partners and for

whom the child allowance has been a sole source of independent income (WBG 2013).

4.3.2

Old-age benefits

Old-age pensions and other services for elderly people have also been affected by austerity measures. In Hungary, for example, spending on old-age benefits fell by 7.6 percent in real terms from 1.2 trillion forint in 2008 to 1.1 trillion in 2009 and remained below the 2008 level in 2012 at 1.2 trillion (equivalent to US \$ 5.3 billion using exchange rates of 30 May 2014).³⁴ These cuts are particularly likely to impact women as there are more women than men among the poor in older age groups, while both poor and non-poor older women play significant care roles.

In many countries undergoing population ageing, aggregate spending on old-age benefits as a percentage of GDP has increased: in our sample of 25 countries, average expenditure increased by 1.2

percentage points between 2007 and 2009 from 7.6 percent of GDP to 8.8 percent of GDP (see Figure 4-6A). However, increases in nominal aggregate spending may simply reflect changes in the number of elderly people and falling levels of GDP and may not necessarily indicate increased benefits or services for the elderly population.

In fact, in a number of countries real expenditure on old-age benefits is actually declining. Figures 4-6A and 4-6B highlight two seemingly contrasting examples: Greece, which shows a steady rise in expenditure on old-age benefits as a share of GDP, and Lithuania, where expenditure on pensions as a share of GDP has fluctuated, falling in 2010 and 2011 and rising in 2009 and 2012.

FIGURE 4-6A
Total general government expenditure on old-age benefits

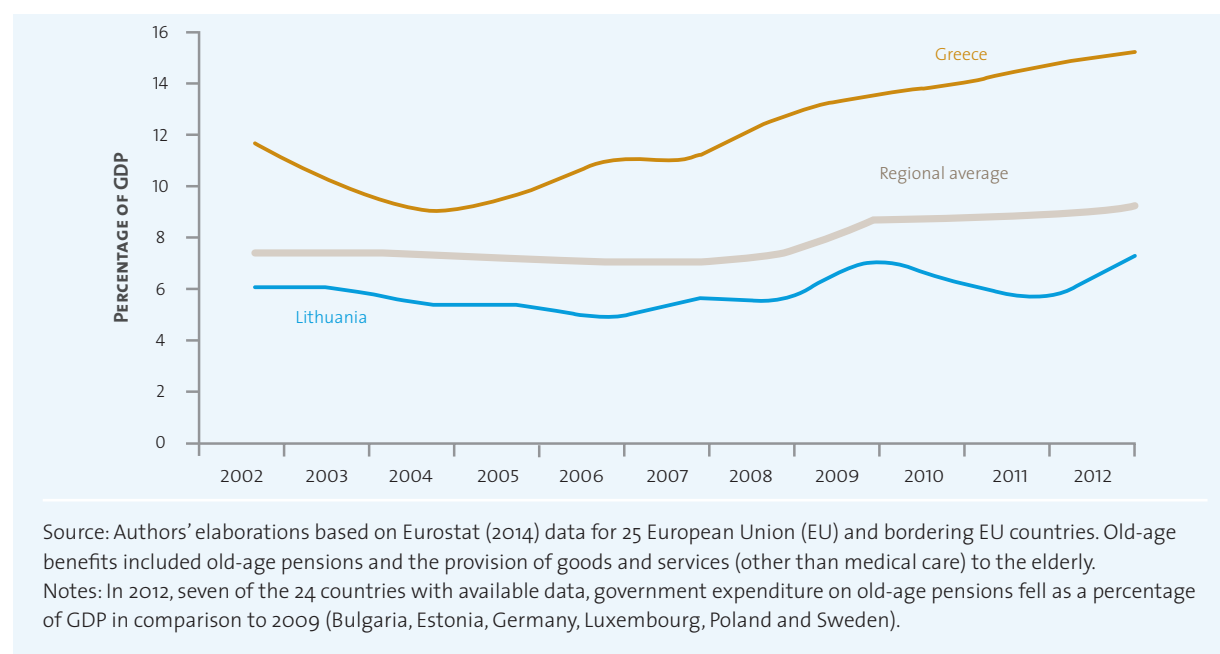
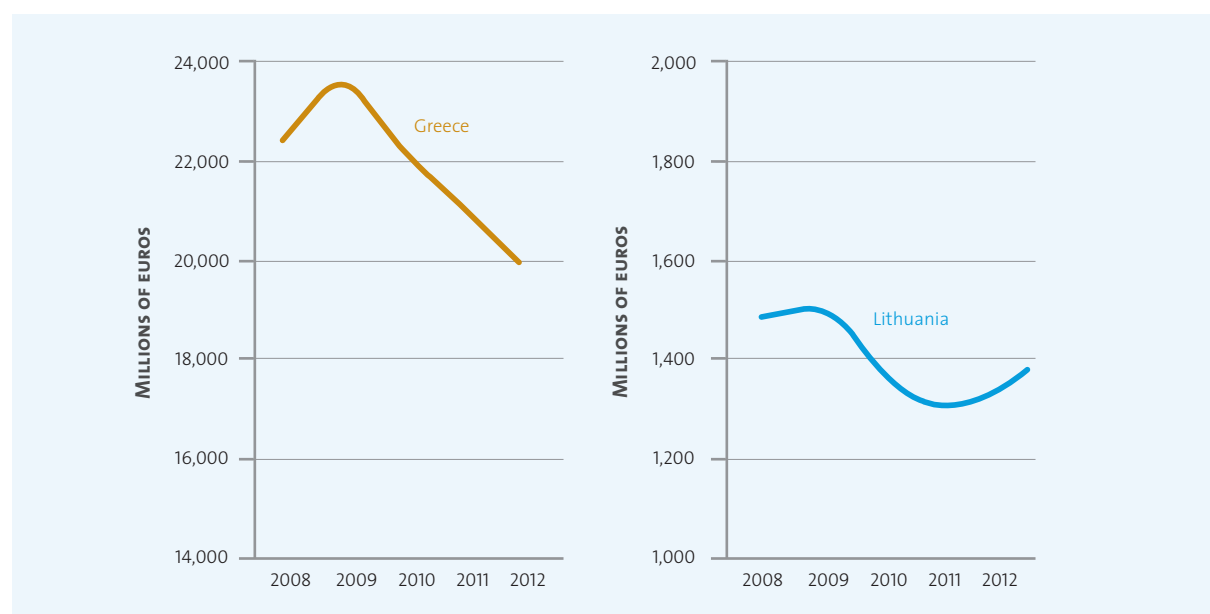


FIGURE 4-6B**Real government expenditure on old-age benefits (Greece and Lithuania)**

Source: Authors' elaborations based on Eurostat (2014) data.

Notes: Nominal figures were adjusted for inflation using 2000 as the base year. Inflation figures used to derive real expenditures are from IMF 2013.

A comparison of real expenditures, however, reveals that in both countries austerity measures are at work (see Figure 4-6B). In Greece, real expenditure on old-age benefits actually fell slightly in 2010 compared to 2009 from 23.5 billion to 22.2 billion euros and fell even more to 20 billion in 2012. In Lithuania, real government expenditure on old-age benefits increased by 71 million euros in 2012 over the 2011 level; however, this is still 103 million euros lower than what it spent in 2008.

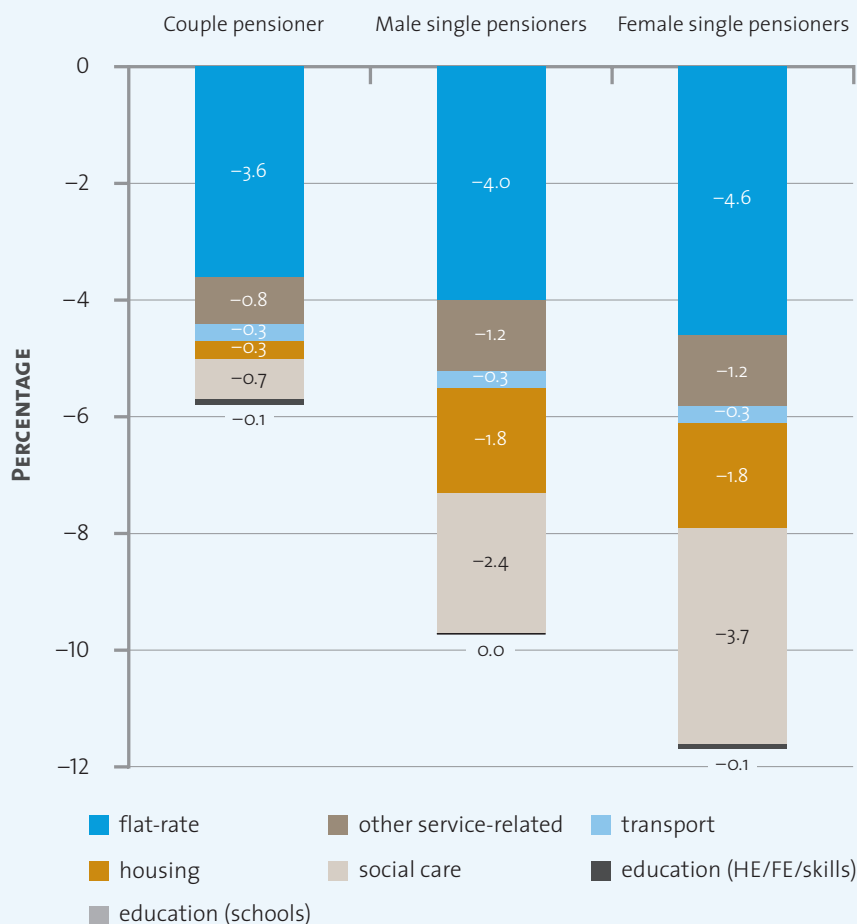
The decline in real terms of expenditures on old-age benefits in Greece is a result of extensive reforms to the old-age pension system. The cuts to the programme were approved and implemented in 2010 amid widespread public protest. The reform did away with pension bonuses, increased the retirement age to 65 years and indexed future retirement age to life expectancy. Especially problematic for women (who tend to have interrupted paid-work histories) is that

the reform also indexed the benefit to lifetime wage history. Accrual rates were lowered and the benefit further indexed to either prices or GDP growth, whichever is lowest (IMF 2013).

These patterns are evident in many countries, and the implications are greater levels of poverty among pensioners. Women, who constitute the majority of poor people 65 years and over in the region, will be disproportionately affected.³⁵ In the United Kingdom, for instance, single female pensioners, compared to other pensioner households, have been hit hardest by austerity measures that include cuts to services, transportation, education and housing (see Figure 4-7). In Cyprus, another country facing significant pressures to cut spending, 43.3 percent of women 65 years and over were at risk of poverty and social exclusion compared to 35.6 percent of men in the same age group in 2011 (Eurostat 2014).

FIGURE 4-7

Changes in living standards among pensioners in the United Kingdom, by household type



Source: Elson 2013 based on analysis produced by the United Kingdom Women's Budget Group.

Note: Further Education (FE) is a term used to refer to post-compulsory education, while Higher education (HE) is used to refer to formal learning that occurs after secondary education.

4.3.3

Housing benefits

Another area of particular importance for women is housing. Lack of adequate housing alternatives can prevent women from leaving abusive relationships, forcing them to choose between enduring physical, sexual and psychological violence or risking becoming homeless. As explained in Section 2, the

lack of adequate affordable housing in the United States was a contributing factor to high levels of household indebtedness through sub-prime mortgages, which contributed to the financial collapse. Yet, government expenditure on housing is low in all countries for which we have data, on average

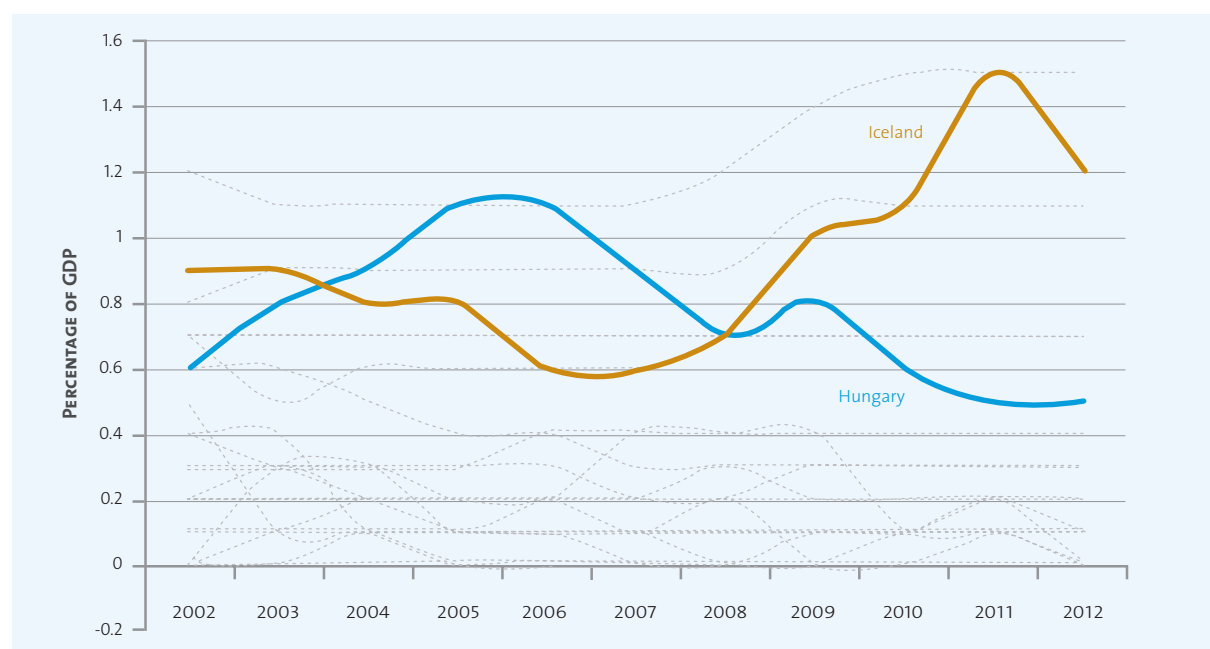
below 2 percent of GDP (see Figure 4-8). In seven out of the 22 countries in our sample, real government expenditure on housing benefits fell in 2012 compared to 2008.

These changes in expenditure play out differently across national contexts. In Iceland and Hungary, for example, two countries that have both been hit hard by the financial crisis, the approach to housing benefits is quite different. In Iceland, with the second highest public expenditure on housing benefits among the 25 EU and bordering EU countries in our sample, a new Debt Ombudsman agency has been formed to support families in their negotiations with banks. This and other initiatives aimed at supporting affordable housing are likely to disproportionately help lone mothers, who in 2010 made up 91.4 percent of single parent households (Bettio et al. 2012). Conversely, in Hungary, the housing support system

was suspended in 2009, leading to sharp declines in housing benefit expenditures. In 2011, measures aimed at supporting households with housing loans denominated in foreign currency were adopted. Two thirds of all housing loans are estimated to be denominated in foreign currencies and thus susceptible to sharp appreciation of their debt relative to the Hungarian forint. In 2012, however, this programme was also scaled down after complaints were made by the Banking Association (IMF 2012).

In Ireland, despite a constant increase in the real government expenditure on housing benefits, an analysis of the distribution of mortgage and rent found that female-headed households were 2.6 times more likely to be behind on payments, hence any cuts (including to rental supplements) are likely to have a greater impact on these vulnerable households as compared to other household types.

FIGURE 4-8
Total general government expenditure on housing benefits



Source: Authors' elaborations based on Eurostat 2014 data for 25 EU and bordering EU countries.

Notes: Top five: United Kingdom, Iceland, France, Denmark and Ireland (the latter of which has experienced massive cuts in recent years). Most countries in the sample, however, spend very little on affordable housing provisioning, with 13 of the 23 in the sample report spending 0.1 percent or less of GDP in 2012.

In the United States, with the bursting of the housing bubble, millions of American families lost their homes and with it a substantial portion of their savings. Estimates from the Board of Governors of the Federal Reserve System show that median household wealth in the United States fell from US \$ 131,016 in 2007 to US \$ 79,431 in 2010, a decline of 39 percent that is largely attributed to the dramatic collapse of housing prices (Bricker et al. 2012). To cope, families are pooling resources and doubling up, contributing to the rise in the number of multi-generational households, which increased from 42 million in 2000 to 49 million in 2008 (Taylor et al. 2010). According to the National Low Income Housing Coalition (NLIHC), 10.1 million families were in need of affordable housing in 2011 but only 5.6 million affordable rental units were available. Of those in need of housing support, 28 percent are female-headed households with children and 31 percent are single female households (NLIHC 2013). African American and Latino families are also disproportionately affected due to their overall lower income levels

and over-representation among subprime borrowers, as discussed in Section 2.

The United States, however, has had a countervailing response to the heightened need for housing support. On the one hand, the Homeless Prevention and Rapid Re-Housing Program, a US \$ 1.5 billion programme created with the stimulus package in 2009, is estimated to have supported 700,000 people who were homeless or at risk of homelessness in its first year (Lurie 2013). But the equally important National Housing Trust Fund (NHTF), created in 2008 to increase the amount of affordable rental housing for low-income families, remains unfunded (NLIHC 2013). Moreover, efforts by federal regulators to compensate the nearly 4 million families who are victims of unscrupulous foreclosures have yielded meagre results, with the average pay out estimated to be just US \$ 300–500 per homeowner. It is unlikely therefore that the heightened exposure to homelessness felt by these families will be lessened (Kiel 2013).

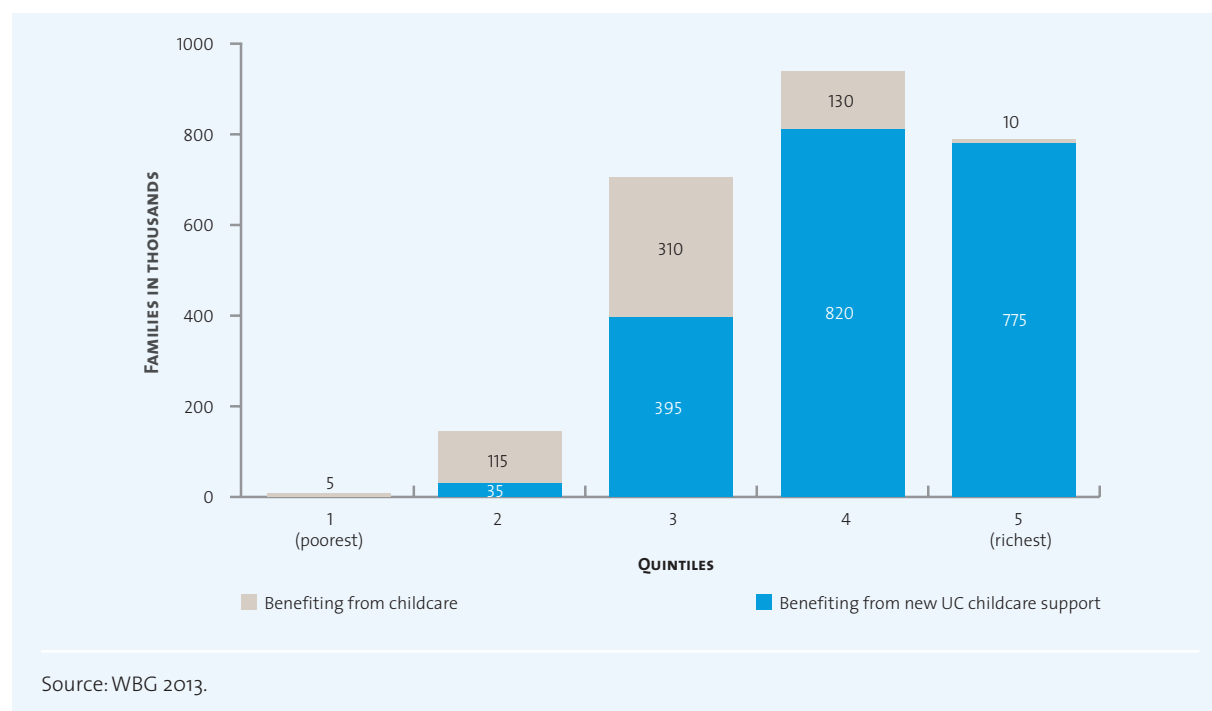
4.3.4

Care services

Apart from cuts to social benefits, austerity measures have also meant big cuts to public services, including care services, further reducing employment opportunities for women who work in these sectors. In Ireland in 2010 the government reduced spending on personal assistance for the elderly and people with disabilities by 10 million euros; this was on top of a 1.7 million euro cut to home care services and a reduction in the number of public beds in nursing homes. In the Netherlands services for persons with disabilities were reduced (EWL 2012). In Spain essential services, including free school meals and ambulance services, have been eliminated or reduced (Beneria and Martinez-Iglesias, forthcoming).

In Greece and Portugal cuts to early education programmes have forced the closure of public

kindergartens. In the Czech Republic over 30,000 children were left waiting in 2011 for public preschool placements that never materialised; in Italy the hours of public early education programmes have been shortened. In the United Kingdom a study on the 2012 impact of austerity cuts showed that low-income women, in particular low earning single mothers, could no longer afford to remain in employment after cuts to the childcare subsidy programme. Proposals to address this need via increases in childcare subsidies will not come into effect until 2015. The subsidy, however, is projected to be more beneficial to better-off families than to the poorer ones, as shown in Figure 4.9 (WBG 2013).³⁶

FIGURE 4-9**Impact of planned increase in childcare support in the UK by family income quintile****4.3.5****Health care systems**

Evidence suggests that economic shocks and crises produce significant impacts on the health status of both women and men (described further in Section 5). Cuts in essential health care services undoubtedly contribute to this trend.

Greece's health care system has been particularly hard hit by cuts, resulting in reduced access to services. The country's three institutional lenders—the EU, IMF and European Central Bank—have stipulated that public spending on health should not exceed 6 percent of GDP. This has led to a 25 percent reduction in spending on medical services and goods, a 25 percent reduction in doctors contracted by the social security fund, a 15 percent reduction in hospital costs and a 25 percent reduction in physicians' wages and fees (Karanikolos et al. 2013). Nurses' salaries have reportedly been cut by 14 percent while just one in five of those who retire are being replaced (Mladovsky et al. 2012). Savings

measures in 2011, including wholesale restructuring of public hospitals, have led to the elimination or merging of 370 specialist units. This is coming at a time of increasing demand, as those who have previously used private insurance are now migrating to public hospitals (Karanikolos et al. 2013).

Severe cuts have also been documented in several other European countries. In Bulgaria and Latvia cuts of more than 20 percent are envisaged for the health budget. In Romania in 2010 the government cut the salaries of all staff employed in the public sector, including health staff, by a quarter (Mladovsky et al. 2012). Several governments are implementing cuts by restructuring health care services and placing further emphasis on cheaper primary, outpatient and home-care systems. These cuts have increased dependence on family-based care, shifting the burden onto unpaid family carers, very often women.

In the United States, where health care systems are highly segmented, employment-based insurance provided the main form of health coverage for 54.9 percent of the population in 2012. Medicaid and Medicare—two government-mandated programmes—in turn cover another 16.4 percent and 15.7 percent, respectively. Unemployment jumped from 4.4 percent in May 2007 to 9.4 percent two years later, and during that period the proportion of uninsured persons increased from 12.3 to 16.4 percent. Ethnic minority groups have been most affected: the percentage of uninsured Latinos increased from 31.7 to 41.9 percent, for example. Because women are more likely to live in poverty, they are more likely to be covered by Medicaid (a means-tested health insurance programme paid for by both federal and state governments). Conversely, men are more likely than women to be uninsured but also more likely to have employment-based coverage in their own name; women are about twice as likely as

men to have employment-based coverage as a dependent (Fronstin 2010). When men lose their jobs, the impact in terms of vital health care coverage is often felt by the whole family.

The introduction of user fees is another strategy countries have adopted to reduce large budget deficits. A study by the World Health Organization (WHO) and the European Advisory on Health Systems and Policies indicates that at least 16 European countries introduced user fees for ambulatory care,³⁷ prescription drugs³⁸ and hospital care,³⁹ and in Latvia the annual cap on user charges was removed with lower protection for those not exempt (Mladovsky et al. 2012). Because poor people are most likely to need these services, the introduction of user fees is likely to have more negative impacts for them. The immediate and long-term effects of these cuts on people's health are far reaching and can assume tragic proportions. These effects are reviewed in Section 5.

4.4

Social spending in developing countries and emerging economies

Developing countries, like developed countries, have also seen a sharp drop in budget revenues resulting from the 2008 crisis estimated at around US \$ 140 billion in lost revenues (GSW 2013, OECD 2013). The ensuing fiscal gap was met in some cases with increased borrowing, including high-interest domestic and external commercial bonds and other forms of off-budget private financing. However, as public debt mounted so too did pressure for spending cuts (GSW 2013). Despite an initial expansionary response to the crisis, a growing number of developing countries are projected to significantly cut government spending. For example, according to the latest IMF World Economic Outlook, 92 of 133 countries will pursue contractionary fiscal policies in 2014 (see Figure 4-10).

In 13 of the 133 developing countries reviewed, the projected contraction in 2013–2015 will significantly reduce government expenditure, dropping in real terms to below pre-crisis 2005–2007 levels (see Figure 4-11). From a human rights perspective, broad spending cuts are alarming. Any reduction in basic

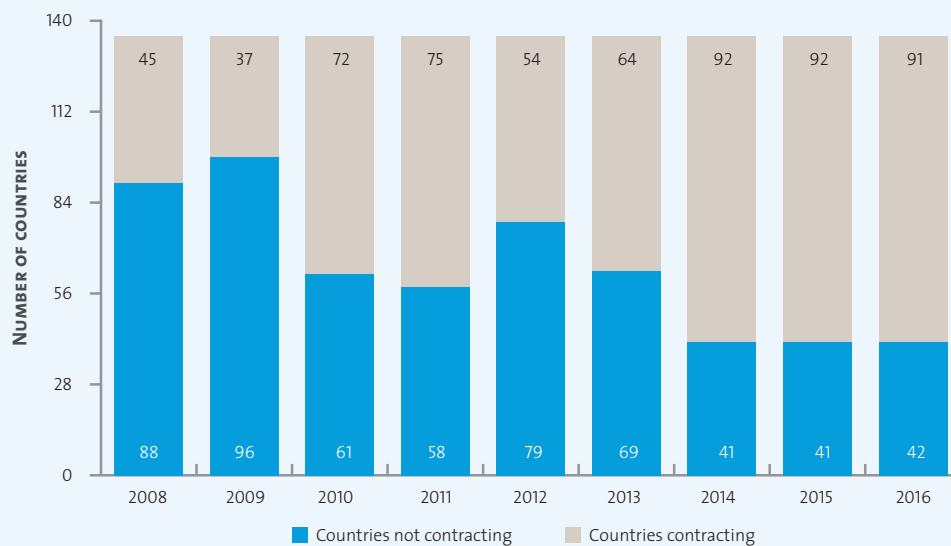
services is retrogressive and undermines the fulfilment of rights, especially for women.

A review of IMF country reports by Ortiz and Cummins (2013a) also provides insights into the types of cuts planned in developing countries. For example, their review of 314 IMF country reports indicates a number of planned policy reforms, including reform of the old-age pension system (47 developing countries), the health sector (12 developing countries) and cutting expenditure on social benefits by imposing means tests (55 developing countries) (see Table 4-2).

Table 4-2 also illustrates the policy options that are most common across different regions. For instance, reducing subsidies for food, fuel, electricity and agriculture is by far the most common among developing countries, with 78 making references to this in the reports. In Latin American and the Caribbean, the most prevalent policy option relates to cutting or capping the wage bill and in Eastern Europe and Central Asia the focus is on pension reforms. In sub-Saharan Africa, where spending on social protection programmes is

FIGURE 4-10

Changes in government spending among developing countries, as measured by year-on-year change, as a percentage of GDP

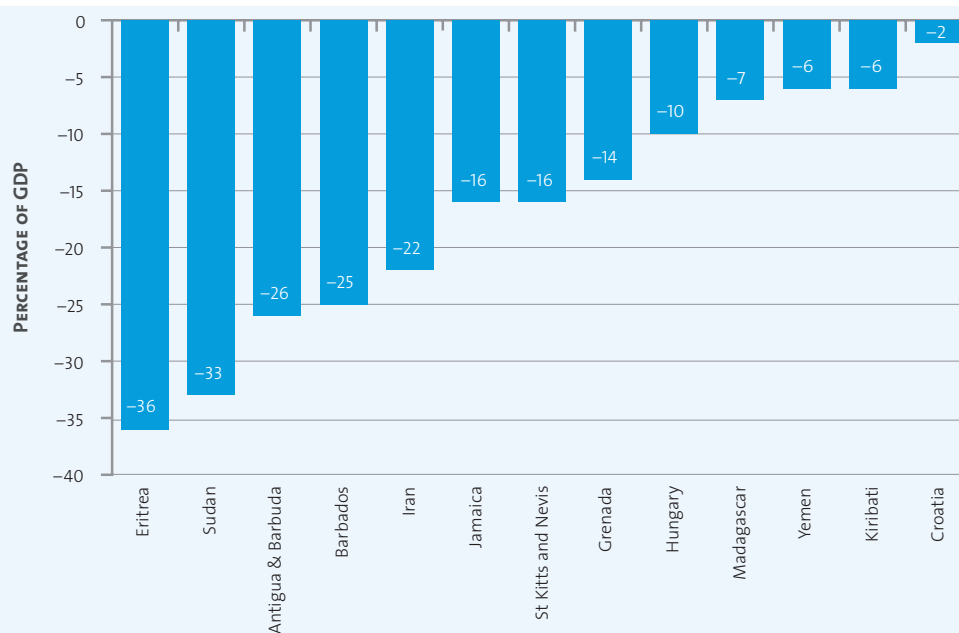


Source: Special tabulation by Cummins 2013 based on latest WEO database (April/September, 2013 update).

Note: Sample size = 133.

FIGURE 4-11

Projected change in average real government spending (2013–2015 over 2005–2007)



Source: Special tabulation by Cummins 2013 based on latest WEO database (April/September, 2013 update). Note: The data refer to the change in the averages of the projected growth of the real government spending 2013–2015 over 2005–2007. Inflation estimates and projections from the WEO database are used to derive the inflation-adjusted figures.

TABLE 4-2**Main adjustment measures by region (2010–2013) (number of countries)**

	Reducing subsidies	Wage bill cuts/caps	Increasing consumption taxes	Pension reform	Rationalising social benefits	Health reform	Labour reform
Eastern Asia and the Pacific	12	13	8	4	9	0	2
Eastern Europe and Central Asia	9	15	13	16	15	9	6
Latin America and the Caribbean	11	14	13	12	11	0	1
Middle East and Northern Africa	9	7	7	5	5	3	1
Southern Asia	6	4	4	1	4	0	2
Sub-Saharan Africa	31	22	18	9	11	0	3
Developing countries	78	75	63	47	55	12	15
High-income countries	22	23	31	39	25	25	17
All countries	100	98	94	86	80	37	32

Source: Figure 10 in Ortiz and Cummins 2013a.

already low, 11 of the 43 countries reviewed (26 percent) indicate rationalising social programmes as a potential cost-cutting option.

The data on government spending on social benefits from the UN Statistics Division's System of National Accounts data includes post-crisis benefit spending for 29 countries. These data are interesting because they highlights the diversity in provisioning across countries and show that some of the larger developing countries have avoided the global shift to austerity, or at least sought to protect social spending amidst other austerity measures. For example, Brazil increased spending on social benefits from 15 percent of GDP in 2007 to 22 percent in 2010.⁴⁰ Similarly, Russian Federation increased spending from 8 percent of GDP in 2008 to 11 percent in 2010.

In contrast, India spends significantly less, just 1 percent of GDP, on social benefits. Recent efforts to use the expansion of the direct cash transfer programme as a means to cut costs (instead of as a means to increase coverage and provisioning) suggests expenditures on

public goods and social benefits will remain low (Ortiz and Cummins 2013a).

In a few countries, real expenditures on social benefits have actually fallen to below pre-crisis levels. In the Republic of Korea, for example, government spending on social benefits dropped from 53.1 trillion won in 2007 to 43 trillion in 2011 (equivalent to US \$ 42 billion using exchange rate of 30 May 2014). In South Africa in 2011 spending fell slightly to 119 billion rand from 120.3 billion in 2010 (equivalent to US \$ 11.5 billion using exchange rate of 30 May 2014), and in Mongolia it decreased from 289.1 billion tögrög in 2009 to 221 billion in 2010 (equivalent to US \$ 123.6 million using exchange rate of 30 May 2014).⁴¹ Government finance statistics from the IMF also indicate that in 5 of the 15 countries for which data are available,⁴² real expenditure on social assistance programmes declined in 2011 compared to their 2010 levels.

While our knowledge about changes and trends in social protection spending in developing and emerging economies is limited by gaps in the existing global

datasets, if the projections based on the World Economic Outlook data on planned cuts for 2014–2016 hold (as shown in Figure 4-10), a larger number

of countries will be contracting in the coming years. These cuts are bound to have large implications for the well-being of women.

4.5

Unpaid care in developed and developing countries

Unpaid care work, predominantly carried out by women, is fundamental to the sustainable functioning of societies and of the economy. Cuts to key social services in developed and developing countries alike are based on the assumption that women will take up responsibilities and take on care work previously delivered by public services.

While estimates vary by region, globally women spend about twice the amount of time that men do on unpaid care work. When paid and unpaid work are considered together—referred to as total work—women work more than men in all regions (United Nations 2010b). While time-use surveys and other research on unpaid care and domestic work are rare, particularly for developing countries, the limited quantitative and qualitative information that is available indicates an increase in women's time burdens as the direct result of the need to combine longer hours of work for pay with the increase in unpaid care work activities.

The few studies that look at the impact of the crisis on unpaid care work provide valuable evidence. In Italy, for instance, while trends indicate that men were taking on more unpaid work prior to the recession, the results of the 2008/2009 time-use survey suggest that this trend may be dissipating (Bettio et al. 2012). Similarly, in Turkey time-use survey results suggest an increasing gender gap: the total workload (unpaid + paid) is projected to have increased by 12.5 percent (45 minutes) for women but only by 1.7 percent (5 minutes) for men. The gap in care work is estimated to have increased by 51 minutes, from a 47-minute to a 98-minute difference between women and men (Bettio et al. 2012, Bahce and Memis 2013). The added workload means women have less time for self-care, education and leisure.

In Spain, however, comparison between two time-use surveys, 2003 and 2010, suggests that the convergence between women's and men's time spent on productive and reproductive activities has been sustained through the crisis. Even so, the implementation of policies that were enacted prior to the crisis to balance market and family labour and to foster a greater distribution of care responsibilities between women and men may have been diluted. As Beneria and Martinez-Iglesias (forthcoming) argue, 'the crisis has been used as a way to justify the low implementation path that was being followed even before the crisis and to water down many of the policies that had been adopted since 1999'.


In the United States Aguilar et al. (2013) find that during the crisis women tended to reallocate reduced paid work time to unpaid care activities (cooking, cleaning, laundry), while men's former paid work hours were reallocated towards education and leisure.

In developing countries where rapidly increasing food prices have led to dwindling household budgets, poor women often have to spend an increasing amount of time trying to find solutions and alternatives. Interviews with informal workers in 10 developing countries, for example, found that unpaid work by women in food production has become a primary coping strategy (Horn 2009, cited in Floro et al. 2010). In addition, increased fuel prices in predominantly agricultural economies have meant that poor women have to resort to firewood for fuel, which puts increased pressure on their time. And during crises in particular, this is combined with the fact that they have to take up additional paid work in order to smooth household budgets. In some cases, because the type of work women are able to find is poorly remunerated, they needed to work longer hours to make up for the lost income. In

rural areas, this meant greater intensity of farm and off-farm work. In both Thailand and Viet Nam, for example, Turk and Mason (2009) report that women working longer hours expressed great anxiety that children were left unattended or their care was left to relatives.

In Ecuador unpaid care activities were transferred to older daughters and grandmothers so that adult

women could take up more paid work (Herrera 2010, cited in Floro et al. 2010). Similarly, an in-depth qualitative study in 23 rural, urban and peri-urban communities in 10 countries found greater numbers of women taking up paid employment (in response to sharp rises in the cost of living) and a tendency for their unpaid care responsibilities to be redistributed among other family members (Hossain 2013: 10).

The background is a solid blue color. In the upper left, there is a lighter blue rectangular shape. In the lower half, there is a large, stylized, light blue 'C' shape that curves around the bottom and right sides. The text is white and positioned in the upper left area, overlaid on the lighter blue rectangle.

GENDER- DIFFERENTIATED IMPACT OF THE CRISIS ON POVERTY AND HEALTH CARE

GENDER-DIFFERENTIATED IMPACT OF THE CRISIS ON POVERTY AND HEALTH CARE

- In developed countries the crisis has led to an increase in poverty and social polarisation, while in developing and transition countries between 47 million and 84 million more people remained poor or fell into extreme poverty in 2009 than would have been the case had pre-crisis trajectories continued. The food price hike of 2011 may have pushed an additional 44 million people into poverty.
- Women are more likely to experience poverty and social exclusion than men.
- Because of their greater likelihood to be poor, female-headed households often have to resort to harmful coping mechanisms, further increasing their vulnerability.
- The health of mothers, children, the elderly and the chronically ill are most affected by economic shock.
- Cuts in health care systems affect the poor, especially women.

There is a large amount of literature on the negative impacts of shocks and financial crises on poverty, inequality, health and education and how these vary by gender (Fallon and Lucas 2002, Alderman 2011, Menon 2010). Some of the impacts on poor families, and children in particular, will endure for decades, affecting even those yet to be born. For example, the great Chinese famine of the 1950s had persistent negative impacts on survivors 30 years later in terms of nutrition and education, which were transmitted to their children who had lower height- and weight-for-age as well as fewer years of schooling as compared to those born to parents who had not been exposed to the famine (Ha and Fung 2010). Similarly, Cruces et al. (2012) find that the crisis in Argentina has led to significant rises in maternal and child mortality and increased the incidence of low birth weight.

In addition to these direct impacts, drastic austerity measures are compounding people's suffering. For example, in Italy the crisis is affecting the quality of nutrition and is associated with an increase in psychiatric disorders, while austerity measures are threatening to dramatically reduce investments in preventive medicine, infrastructures, health information systems and physical capital renewal (de Belvis et al. 2012). The social consequences of fiscal contraction are reminiscent of the social outcomes of structural adjustment programmes in sub-Saharan Africa, Latin America and Eastern and Central Europe in the 1980s (Cornia et al. 1987). The impacts of the current post-crisis austerity programmes are also likely to be felt long after the most visible manifestations of the crisis have receded.

5.1

Impacts on poverty and social cohesion

In developed countries, the sheer scale of jobs lost combined with the slow recovery has led to an increase in poverty and social polarisation. In the European Union, the number of people at risk of poverty or social exclusion—one of the headline indicators to monitor the EU's 2020 growth strategy for the next decade—increased by 51 percent or nearly 6 million people between 2009 and 2011. This reversed more than half the progress that had been made since 2005 to reach the objective of lifting 20 million people out of the risk of poverty and social exclusion by 2020.

As expected, given the labour market impact described above, in a majority of EU countries the number of men at risk of poverty and social exclusion increased more rapidly than the number of at-risk women (Figure 5-1A). However, this is in an overall context of highly feminised poverty and social exclusion across all EU member States, where the number of women at risk of poverty and social exclusion is higher than the number of men. By 2011 there were

still about 8 million more women than men at risk of poverty and social exclusion in EU27 countries: in six out of 31 European countries for which data are available, the ratio of women to men was above 120 (Figure 5-1B). This is particularly true for women 65 and older, whose material deprivation rate in 2012 was 8.6 percent compared to 6.1 percent for men in the same age group.⁴³

In the United States the recovery has not brought much solace to households. Since the advent of the crisis, real median household income declined for the first two years and stagnated in 2011 and 2012. At US \$ 51,017 in 2012, it was 8.3 percent lower than it was in 2007, resulting in an increase in poverty by 2.9 percentage points to 15.9 percent in 2012 (Kochhar 2012, DeNavas-Walt et al. 2013).

Table 5-1 shows that between 2007 and 2012 poverty rates have increased for almost all social groups, with particularly sharp stratifications across racial lines

FIGURE 5-1A
Change in poverty and social exclusion in the European Union (2009–2011)

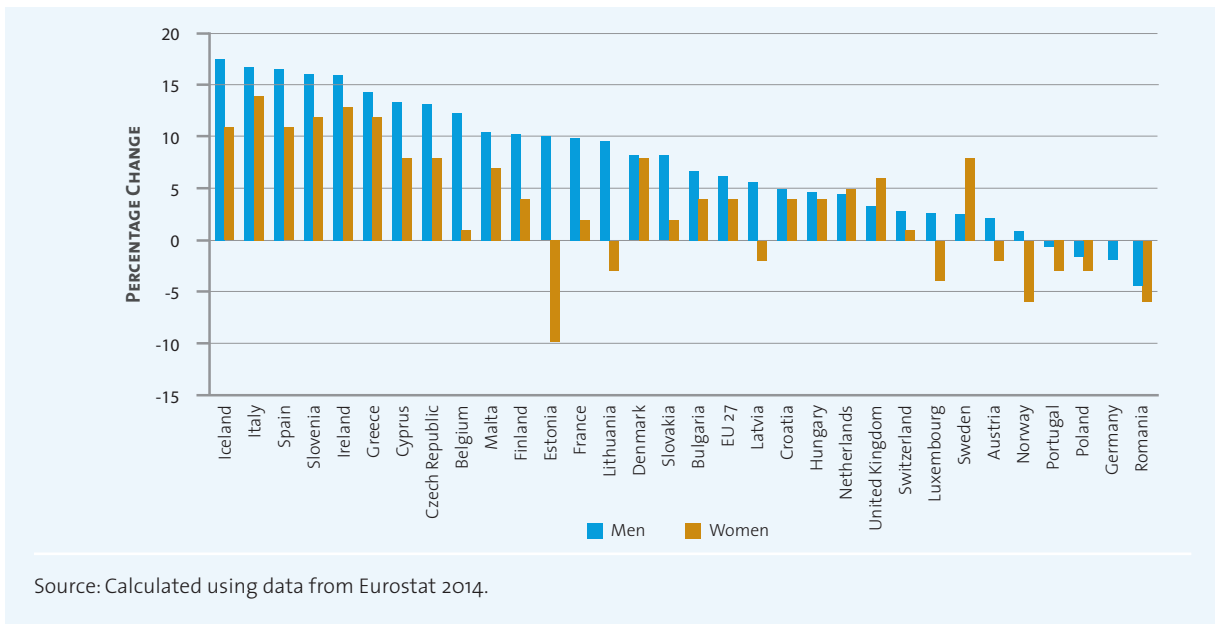
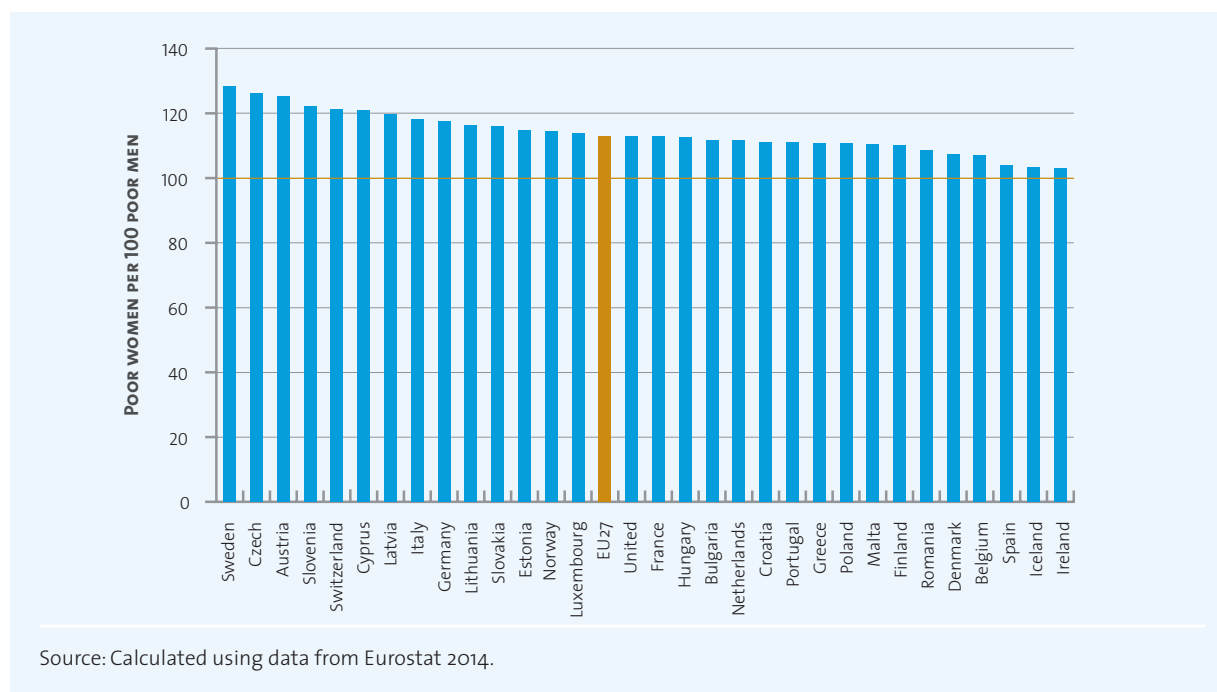


FIGURE 5-1B

Ratio of poor women to poor men in European countries (2011)



and notable increases for children and single female households. As a result, the absolute number of poor people in the United States reached 46.5 million people in 2012, its highest level since 1959 when these series first became available (DeNavas-Walt et al. 2013). In addition, the depth of poverty—measured by the proportion of poor people whose income is below 50 percent of the threshold for income poverty—increased from 42.9 percent in 2007 to 44.3 percent in 2012. This has resulted in a 32 percent increase in the absolute number of people reporting an income 50 percent below their poverty threshold. These findings are also consistent with data from OECD indicating that between 2007 and 2010 the poor lost more in terms of income during the crisis and benefited less when the recovery set in (OECD 2013).

Increased poverty rates have not been limited to developed countries. In developing countries, the confluence of successive episodes of food price hikes and the negative labour market impacts of the crisis has had devastating consequences across the board.

It is estimated that between 47 million and 84 million more people remained poor or fell into extreme poverty in developing and transition countries in 2009 than would have been the case had pre-crisis trajectories continued (United Nations General Assembly 2010). In addition, the food price hike of 2011 may have added another 44 million (Ivanic et al. 2011).

A series of rapid country assessments conducted by the United Nations Development Programme (UNDP) in 2010 suggest that the impacts of the crisis varied across countries. In Armenia, where there was a massive 28 percentage point swing in GDP growth between 2007 and 2009 (from 14 percent growth in 2007 to a contraction of 14 percent in 2009), the effects have been dramatic as poverty increased from 28 percent to 36 percent by 2010. The study indicates that households used a wide range of measures to cope with this change, including shifting to the consumption of cheaper food (79 percent), reducing the amount of food consumption (63 percent), stopping the purchase of some non-food items (68 percent),

TABLE 5-1**Individual and household poverty status in the United States (2007–2012)**

		2007 (%)	2012 (%)	Change (percentage points)
Total		13.0	15.9	2.9
Depth of poverty		42.9	44.3	1.4
Individual poverty status				
Sex	Male	11.5	14.6	3.1
	Female	14.3	17.2	2.9
Age	Under 18 years	18.0	22.6	4.6
	18 to 64 years	11.6	14.8	3.2
	65 years and over	9.5	9.5	0.0
Race	Black or African American	24.7	28.1	3.4
	American Indian and Alaska Native	25.3	29.1	3.8
	Asian	10.6	13.0	2.4
	Native Hawaiian and other Pacific Islander	15.7	21.3	5.6
	Hispanic or Latino origin (of any race)	20.7	25.4	4.7
	White alone, not Hispanic or Latino	9.0	11.0	2.0
	Some other race	21.2	27.8	6.6
Poverty by household type				
Household type	Families	9.5	11.8	2.3
	Married-couple families	4.5	5.8	1.3
	Female householder, no husband present	28.2	31.8	3.6

Source: US Census Bureau American Community Survey 1-Year Estimates 2007 and 2012.

Note: Total poverty refers to the population for whom poverty status is determined; depth of poverty refers to people reporting an income 50 percent below their poverty threshold as a percentage of the total number of poor people.

meeting less often with friends and relatives (66 percent), reducing or stopping the use of health care services (39 percent), spending savings (32 percent) and reducing or failing to buy medicine (20 percent) (UNDP 2010a).

In the Philippines growth decelerated owing to the crisis, pushing nearly 2 million more people into poverty. However, contrary to initial expectations,

remittance flows remained largely resilient, stemming a further deterioration (UNDP 2010b). In Ukraine the crisis compounded long-term socio-economic problems dating back to 1991, spreading rapidly to all economic and social sectors. By the first quarter of 2009, household income had fallen, accompanied by reduced food and non-food consumption in 8 out of 10 categories (UNDP 2010c). Similar results were found in Afghanistan, where households substituted

food quality for quantity (D'Souza and Jolliffe 2012). Although a gender analysis was largely absent in these studies, it is not hard to see the important class- and gender-differentiated impacts of these changes.

Poor households, particularly those that are headed by women, spend a larger proportion of their budgets on food and therefore are most likely to have to adopt harmful coping measures (World Bank and IMF 2012). Using panel data from Ethiopia, Kumar and Quisumbing (2013) find that female-headed households were more vulnerable to food price changes and more likely to have experienced a food price shock in 2007–2008. They also find that these households were more likely to cut back on the number of meals and to be eating less-preferred foods (*ibid.*).

Whether these changes at the bottom of the income distribution will lead to long-term increases in income inequality is not yet clear. In the OECD evidence

suggests increasing income inequality between 2007 and 2010 in most countries, with particularly large increases in Ireland and Spain but also minor declines in the Netherlands and Poland. These changes have occurred in a context of three decades of increasing inequality in the OECD (Figure 5-2A and 5-2B), so it is probably correct to say that the crisis may have reinforced existing trends. The negative socio-economic consequences of income inequality are well documented (United Nations 2013a; see also Thorbecke and Charumilind 2002 for a review). Another consequence of rising inequality is that it has increased the opportunity of those who can afford to hire domestic workers and care providers to do so while exacerbating the care needs of those workers (Floro 2012).

In developing countries, the trends have very much been towards higher levels of income inequality (Milanovic 2011). The impact of the crisis on poverty

FIGURE 5-2A
Change in market and disposable income in OECD countries (2007–2010)

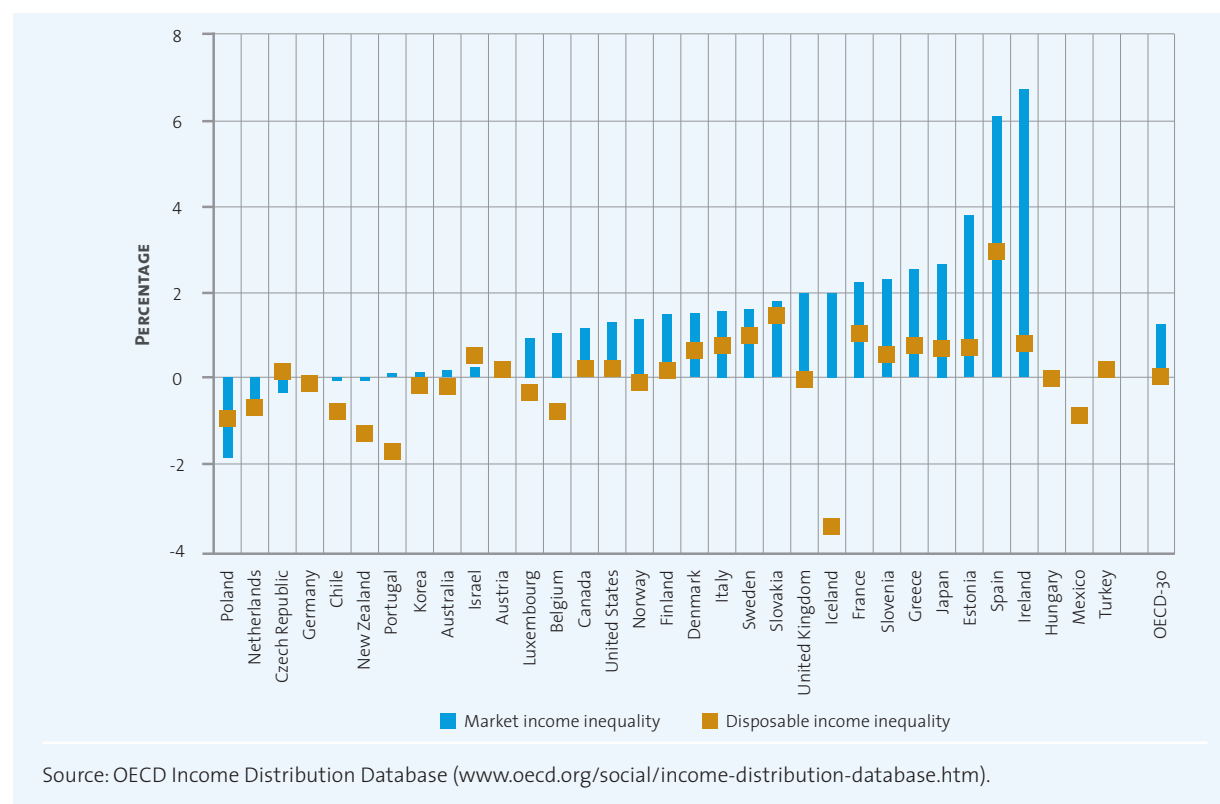
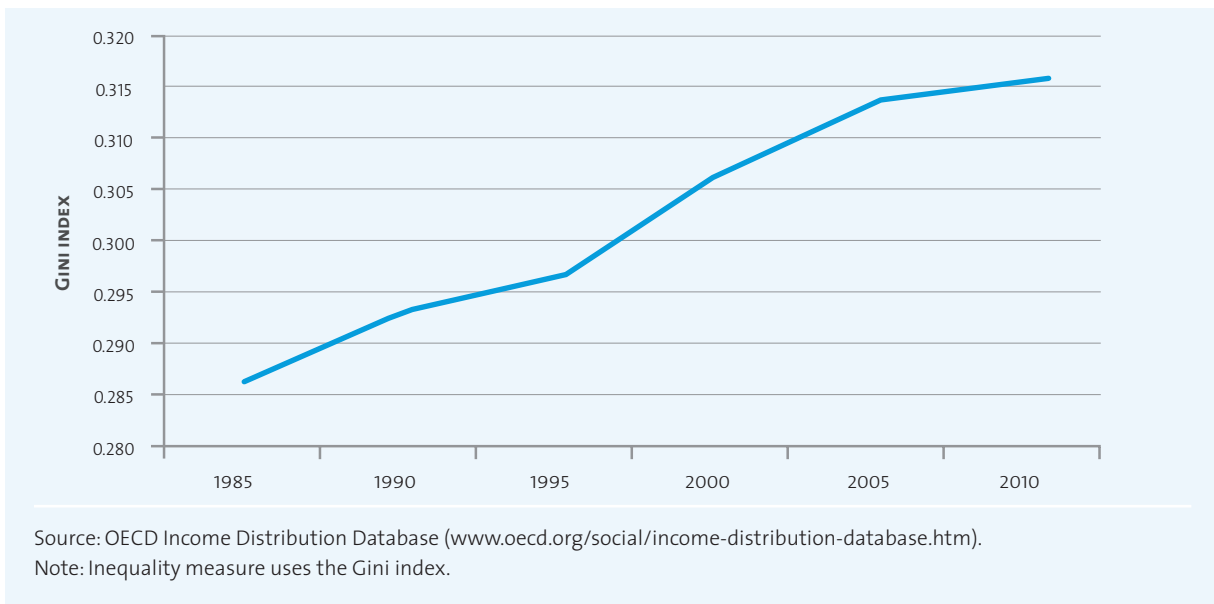


FIGURE 5-2B

Trends in inequality in 16 OECD countries for which data are available (1980s–2010)



and inequality is likely to differ by countries and sub-groups and will also hinge on countries' responses to the crisis as described in the previous section. In Taiwan Province of China, for instance, research suggests that inequality may have decreased due to

declining farm and off-farm income as well as an increase in government transfers (Chang 2013). Beyond income inequality, as the following sub-section on health illustrates, it is clear that the social impacts of the crisis will be pervasive and persistent.

5.2

Impacts on health

Evidence from the recent as well as previous crises suggests that shocks and economic crises produce significant impacts on health and well-being among women and men.

In Europe and the United States growing unemployment and the associated stress of making ends meet has led to increased mental health problems, including depression, alcohol use disorders and suicides. A study of 54 countries finds that the crisis may have led to an estimated 4884 excess suicides in 2009 (Chang et al. 2013). The Greek Ministry of Health reports a 40 percent rise in suicides between January and May 2011 compared with the same period in 2010 (Kentikelenis et al. 2011). The increase in suicides has

been particularly stark among men in countries where job losses have been the greatest, indicating high levels of despair and loss of hope among this group. In the EU, suicide among men aged 15–24, a group with very high levels of unemployment, increased by 11.7 percent in 2009 compared to expected trends based on 2000–2007 data (Chang et al. 2013).

Rising rates of suicide in times of crisis are not inevitable. A 2009 study in *The Lancet* found that the association between rising unemployment and suicide rates can be mitigated substantially by social protection measures. In the early 1990s Finland and Sweden experienced rapid rises in unemployment, but their strong commitment to social support and active

labour market policies during this time appears to have had a protective effect on population health since suicide rates actually declined (Stuckler et al. 2009).

For developing countries, the negative impacts of shocks and financial crises on health and how these vary by gender have been well researched (see Fallon and Lucas 2002 and Menon 2010 for reviews). While some of these impacts are temporary, others have enduring consequences. Shocks can lead to stunting in children, and these effects are usually irreversible, resulting in numerous lifelong health deficiencies (Fuentes Nieva 2010, Fuentes Nieva and Seck 2010, World Bank and IMF 2012). A 2011 review of 1.7 million births in 59 developing countries found a large negative association between per-capita GDP and infant mortality. The study found that female infant mortality is more sensitive than male infant mortality to negative economic shocks, a trend that is usually attributed to the intensification of gender bias against girls during these times of stress, resulting in female children being given less food and access to essential health care (Baird et al. 2011). In sub-Saharan Africa alone, the crisis led to an estimated 28,000–50,000 excess infant deaths in 2009 (Friedman and Schady 2013).

The impact of the recent crises on maternal deaths in developing countries is not yet clear, but there is some evidence from previous crises. A study on the 2001–2002 economic crisis in Argentina found that a 10 percent decrease in GDP increased the maternal mortality rate by 9.4 percent (Cruces et al. 2011). Research on the impact of structural adjustment programmes in sub-Saharan Africa in the 1980s and 1990s shows that the introduction of user fees in government hospitals was associated with a fall in the number of hospital admissions of pregnant women, an increase in maternal deaths and a decline in the use of maternal and child health services (Ekwempu et al. 1990, Kutzin 1995, Walraven 1996). In the context of the recent crisis, qualitative research in Nigeria found that diminishing household purchasing power was widely cited as a key barrier to health care access and that impacts have been borne particularly by women and children. This research found that cost barriers have prohibited pregnant women from seeking antenatal care, with many continuing to do manual work on farms and to rely on traditional birth attendants for delivery, with predictably severe results for their health (Samuels et al. 2011).

The background is a solid blue color. It features a large, faint, light-blue circular graphic that is partially cut off by the top and right edges. A thin, white horizontal line runs across the middle of the page, passing behind the text.

POLICY IMPLICATIONS

POLICY IMPLICATIONS

- Austerity measures are reinforcing inequalities and are likely to have a particularly detrimental impact on low-income households and women within those households.
- Cutting public expenditure does not by itself cut the deficit; expenditure cuts can only cut the deficit if they are followed by increased investment and job creation.
- Increasing revenue collection can protect social spending and offer a more equitable route to recovery.
- Governments and the United Nations must play a much stronger role in the governance of global and national financial flows to avoid future crises and to proactively channel financial resources into building more stable, equitable and caring economies and societies.
- Policies for recovery must focus on the creation of more and better jobs and on the maintenance and expansion of social services and social protection measures.
- Through public investments in infrastructure, social services and social protection measures, governments can support the unpaid care economy, contribute to human capabilities and help stimulate economic recovery.

Financial crises are costly for economies and societies. As jobs are lost and their quality deteriorates, as families and communities are forced to meet their daily needs with fewer resources at their disposal and as public services and benefits are retrenched, the reproductive sphere that contributes to the production of human capabilities is weakened and undermined. But the costs of this erosion are not evenly distributed. Often it is those who are least able to afford the costs that end up shouldering a disproportionate share of the fallouts: temporary jobs that employ young women and men are made even more insecure; foreclosures in poor neighbourhoods

force people on low incomes out of their homes; public services, benefits and subsidies on which low-income women depend get eroded; and the burden of 'coping' is shifted to the unpaid care economy. But there are limits to the elasticity and responsiveness of women's time and energy (Elson 1991). Breaking point can be reached: human capabilities may not be replenished and social tensions can take violent forms. The negative 'externalities' are likely to spill over across society. This does not bode well for economic recovery or for progress in realising women's rights and achieving substantive gender equality.

6.1

Questioning austerity: there are alternatives

The most urgent issue is to highlight the dangers of adopting fiscal austerity and to emphasise that there are alternative pathways to sustainable economic recovery. While this discussion is largely focused on

Europe, because that is where fiscal consolidation has gone furthest, the implications of austerity for well-being and gender equality are equally, if not more, serious in developing countries.

There is considerable evidence that periods of fiscal consolidation in OECD countries between the late 1970s and 2009, particularly those based on spending cuts, have increased inequality, reduced labour income shares and increased long-term unemployment (Agnello and Sousa 2012, Ball et al. 2013, Rawdanowicz et al. 2013). Such assessments have paved the way to considerable convergence of opinion among economists that Europe should reverse the current austerity policy regime. This would require profound institutional, structural and policy changes to address the inadequate institutional setup of the Eurozone. The EU has been based on structural imbalances—with a mercantilist export-led model in the north and a debt-driven model in the south accumulating trade deficits and public and private debt—and underpinned by an under-regulated international financial market that was willing to finance the fiscal imbalances. Structural and policy changes are imperative in order to address the mass unemployment and social deprivation that is resulting from austerity policies and ‘threatening the survival of democracy in the European Union’ (see open letter from 23 economists in Box 1 for further details). It is also necessary to avoid turning what was a financial crisis into an enduring social crisis. Cutting public expenditure does not by itself cut the deficit; expenditure cuts can only cut the deficit if they are followed by increased investment and job creation in the public and private sectors. But the expected increase in private demand has not materialised to compensate, or overcompensate, for the cuts in public spending (UNCTAD 2013).

From a gender perspective, what is worrying is that the impacts of fiscal consolidation are likely to be borne disproportionately by women. The staffing and wage freezes and cuts in the public sector, cuts and restrictions in care-related benefits and facilities, reduction of housing benefits and family benefits, cuts in the health sector, scaling back of funding of services for women affected by violence, and VAT increases are all highly adverse from the perspective of gender equality. To take one example, the UK Women’s Budget Group’s calculations show that 72 percent of the 8.1 billion pound net personal tax increases and benefits cuts in the June 2010 budget were being paid by women, while only 28 percent of the deficit

reduction was being paid by men (WBG 2010). It is important to remind ourselves that such regressive measures are not being carried out in all European countries, and that evidence from countries with limited fiscal consolidation programmes (Finland, the Netherlands) shows that adverse impacts on women’s employment and their access to and use of care services can be less than anticipated (Bettio et al. 2012). There is much more cause for concern in countries such as Greece, Ireland, Portugal, Romania and Spain where fiscal consolidation has taken dramatic proportions, in most cases without prior social dialogue,⁴⁴ and where women’s employment levels were already low and their access to welfare benefits and care services, especially publicly funded care services, were thin even prior to the crisis.

After a period of increased public spending, as we noted in Section 4, developing countries are also reducing government expenditures. Projections based on the April 2013 update of the World Economic Outlook suggest that 92 out of a sample of 133 developing countries will cut spending as a share of GDP in 2014. In some cases these contractions are severe: in 45 countries government expenditure as a proportion of GDP has been reduced to below pre-crisis levels when comparing the 2013–2015 average with the 2005–2007 pre-crisis average (Cummins 2013). In countries with IMF programmes, the turn to austerity may be explained in terms of the kind of policy advice they are receiving from lenders, but there are also many countries without IMF programmes that are also embarking on austerity measures. As in Europe, there are numerous questions about the logic of austerity in the current context when industrialised countries are exerting a deflationary tendency within the global economy. As export-led growth strategies reach their limits, developing countries that have relied on such strategies need expansionary fiscal policies to foster public investment and maintain domestic demand as they strive to rebalance their economies (UNCTAD 2013).

These broader policy questions aside, there have not been in-depth gender assessments so far analysing the implications of austerity measures in developing countries, even though Ortiz and Cummins (2013a)

BOX 1**Open Letter Signed by Leading Economists****An Alternative Vision for the Eurozone Crisis**

The Eurozone crisis has been reduced, according to the mainstream diagnosis, to a fiscal crisis caused by excessive public spending and a competitiveness gap between North and South. The mainstream solution is to close this gap by means of 'expansionary fiscal austerity' and wage reductions. This has been admitted even by the IMF to be a dead end.

In our opinion the root of the Euro crisis lies in both the inadequate institutional set up of the Eurozone, which lacks a genuine lender of last resort and sufficiently coordinated fiscal and wage policies, and on an over-liquid and under-regulated international financial market that was more than happy to finance any imbalance—no matter how unsustainable it was.

What we had in Continental Europe were mutually dependent models of growth. The mercantilist export-led growth of the North could not have been sustained without a (remarkably easy-to-finance) debt-driven model in the South, accumulating trade deficits and private and public debt. In the aftermath of the financial crisis, the private debt was turned into sovereign debt. The Irish case is an extreme example of this process. The ensuing austerity policies enforced upon the governments increased unemployment to a socially unacceptable level. If continued these policies will lead to a prolonged depression and even more social unrest.

European institutions were and still are not able to deal with such structural imbalances in an adequate way. Mass unemployment and social deprivation resulting from austerity policies is threatening the survival of democracy in the European Union.

Alternative perspectives

On the basis of our diagnosis we are convinced that Europe should reverse the current austerity policy regime. This would require profound institutional and policy change.

In terms of monetary policy, we believe that [the European Central Bank] ECB should act as a credible lender of last resort to relieve the sovereign debt crisis. Strict regulation of financial markets is a further step, and it is necessary to separate investment banking from commercial banking.

In terms of fiscal policy, the link between the ECB and fiscal conditionality should be fundamentally changed. Monetary policy should support and accommodate progressive fiscal rules aiming at employment creation and growth. Budget deficits can only be consolidated in a growing economy.

These growth stimulating policies are consistent with the desired long run stabilization of debt-to-GDP ratios. In the present situation of mass unemployment, these policies do not carry a significant risk of inflation.

We also believe that the adjustment has to be supported by stimulation of consumption via higher wages starting from the core surplus countries (like Germany) where wage restraint policies have considerably contributed to the growing income inequalities and current account imbalances in the Eurozone.

If the German finance minister believes in what he said, that no country can live forever beyond its means, then it must also be clear that no country can live indefinitely below its means. This implies that the change in the wage policy in Germany has to be an important part of the solution.

Mutual prosperity of the Eurozone countries and their citizens through demand expansion, rather than demand contraction through fiscal consolidation for the benefit of high finance, must be recognized as the imperative for the political viability of the Euro project. We must have the intellectual honesty and courage to act accordingly.

20 November 2012

See: www.nuigalway.ie/cisc/documents/whitaker_institute_policy_briefnov2012.pdf

provide a partial analysis. This paper echoes the concerns they have raised. Wage bill cuts and caps are likely to mark a regression in women's economic and social rights in two respects. First, this paper has raised some concern about the likely impacts of such retrenchment on both the quantity and quality of jobs in the public sector, which has historically been a relatively good employer of women, even though the salaries of teachers and nurses have already been eroded by increases in local prices (Chai et al. 2010). This is also in a context where labour market recovery, as shown in Section 3, is much faster for men than for women. The second concern is that further pressure on frontline public sector workers—nurses, teachers, home-based care workers—is likely to have adverse implications for the quality of public welfare services (health, education, care) on which middle- and low-income women and their children disproportionately depend (Lund 2010, Meena 2010, Razavi and Staab 2010). We have also raised serious concerns about the cutbacks in food subsidies at a time when food price inflation in many developing countries is eroding the real value of the earnings and welfare benefits on which many lower income women depend.

While unsustainable levels of debt are not a trivial issue and must be addressed, cutting public expenditure has a bigger negative impact on output and employment than raising revenues through progressive taxation. Where public transfers are reduced, as highlighted in Section 4, their ability to serve as automatic stabilisers is reduced, resulting in even more pronounced downturns. Drastic welfare retrenchments can be avoided by prioritising resource mobilisation through a range of direct taxes such as progressive personal income taxes, wealth taxes and taxes on the corporate sector,

whether national and/or foreign owned, especially at a time when mining and other natural resource-based industries are accruing substantial rents. The case of Ecuador, a country that only a decade ago was characterised by political instability, high levels of inequality and dismal economic performance, is very instructive. Apart from renegotiating its contracts with petroleum companies and dramatically increasing its share of the revenues, the government has also managed to significantly increase direct taxes (mainly corporate taxes) within a short period of time (2006–2011). This has brought in even more revenues than oil receipts and was achieved through better enforcement of tax laws by breaking the nexus between big business and government. Much of this increased revenue has been put to good use by allocating it to infrastructure development and social spending, including on health, education and public housing (Ghosh et al. 2012).

While revenue mobilisation is critical for reducing debt and avoiding welfare retrenchments, there also needs to be greater fiscal space to allow countries to have expansionary fiscal policies in a recessionary global economic context. Improving low-quality public services (health, education) and childcare services (badly needed but rudimentary in many developing countries) and providing social care for the elderly in the context of population ageing and accessible housing are critical 'social investments' that can raise living standards and build human capabilities while redistributing some of the burden of unpaid work from women to the public sector. In doing so governments would be using the current crisis as an opportunity to make fundamental changes that are needed to set the economy and society on a path to greater prosperity and equality.

6.2

Financial regulation for building equitable economies

Longer-term reforms are essential to avoid future crises. This section looks at some of the relevant policy issues. In particular, it looks at financial regulation—and at the policies needed to reform the financial sphere—and then underlines the need for a wider

range of policies and interventions to tackle the deeply entrenched inequalities and discriminatory forces operating within the productive and reproductive spheres in order to create more equitable and just societies.

The prominent role that financial markets have been playing over the past three decades carries the risk of greater economic instability because these markets are intrinsically prone to boom-and-bust processes, especially if they are loosely regulated (UNCTAD 2013: 17). It is encouraging therefore that the latest crisis has put the spotlight on governance issues in the sphere of finance, even if reforms at the national level have been timid. The fact that in the aftermath of the 2007–2008 crisis banking stabilisation has been almost exclusively funded by taxpayers, without contributions from shareholders and managers, has attracted criticism from many quarters. Even mainstream economists have warned that ‘socialization of losses and privatization of profits’ have occurred at an unprecedented rate, creating moral hazard and setting the stage for future crises (Schuberth and Young 2011). There has been public concern about bankers’ remuneration systems that reward reckless risk-taking and create moral hazard. There have also been calls for stronger regulatory mechanisms, especially in the shadow unregulated financial sector that is now larger than the banking sector in both the United States and Europe (Jolly et al. 2012: 48).

Governance issues are at the heart of the regulatory overhaul needed to tame global finance. There have been many calls for having greater public control and oversight of the financial sphere and making global governance of finance more democratic and representative by, for example, strengthening and restoring the role of the United Nations, which is the legitimate and representative global structure (ibid.). If financial stability is a ‘global public good’ (Kaul et al. 2003) then the financial sector is of strategic public interest. Yet, one of the most striking features of prevailing financial governance architecture is the mitigated role of the State and the shift of regulatory functions to private institutions in what has been termed ‘financial governance without government’ (Schuberth and Young 2011: 133).

An essential element for creating such public oversight would be to have a source of unbiased information for risk assessment as a counterbalance to the private credit rating agencies whose incentive structures are not always impartial or transparent. Such measures would need to be complemented by

others that reduce the volatility of financial flows—which has been very disruptive for developing countries—through the use of capital controls, for example. It is encouraging that in recent years even the IMF has changed its policy advice and practice in this regard, partly as a consequence of the crisis, by accepting capital controls as a legitimate part of the policy toolkit (Gabel 2013).⁴⁵ A financial transaction tax, which is receiving increasing support in Europe, would also be helpful in discouraging speculative activity and ensuring that the financial sector makes a fairer contribution to the recovery from the crisis by paying taxes (Jolly et al. 2012).

However, much more needs to be done, including the need to ensure that financial markets serve the broader development agenda. This would require governments to not only take a bolder stance on regulation but also be proactively involved in the provision of development finance (Stiglitz 2012). This is particularly true in developing countries, where massive foreign reserves accumulated over time can serve that purpose rather than being stored away in US Treasury bonds. It is ironic that the most recent budget showdown in the United States in October 2013, which resulted in the threat of default of potentially devastating consequences, served as a stark reminder that a government’s strategy premised on holding its reserves in the form of US Treasury bonds is not without its own set of unpredictable risks.

The adverse outcomes of speculation in commodities futures markets have not received the level of urgency that they deserve. There are proposals calling for a ‘precautionary’ approach to be applied to financial speculation in commodity markets (HLPE 2011), as well as more concrete calls for placing restrictions on high-frequency trading in these markets and/or imposing small transaction taxes that impact on those making a large number of trades. In the United States and EU efforts are being made to curb speculation in financial commodities markets. However, in the former the Commodity Futures Trading Commission (CFTC) is appealing a ruling made in September 2012 by the Federal District Court that prevents it from imposing position limits on the proportion of the market that can be held by any one trader. The EU wants to implement similar improvements in

transparency and impose limits (Spratt 2013), but the pace of change has been slow as continued volatilities in global commodity prices and another looming food crisis put hundreds of millions of people at risk of hunger and malnutrition.

Another important part of this democratisation effort must be to bring diverse perspectives and world views into the exclusive ‘male clubs’ of regulatory decision-making bodies and redressing the current state of ‘financial governance without women’ (Schuberth and Young 2011). However, while women’s greater representation in decision-making bodies that govern finance is a necessary step, it is far from sufficient for safeguarding women’s specific interests (ibid.). For meaningful change to occur, ‘it would also be necessary to change the way that banks are regulated, and to change the underlying structures of business and society, including the way that finance relates to production and reproduction’ (Elson 2013: 16).

Many progressive economists, including feminist economists, have argued that central banks should also change the way they operate by setting goals for employment creation rather than focusing exclusively on keeping inflation rates at very low levels, which can be particularly harmful for women’s employment (Braunstein and Heintz 2006).⁴⁶ This would address the ‘deflationary bias’ to which macroeconomic policy has been prone over the past three decades and put economies on a path of sustained job creation (Elson 2013).

In sum, the crisis was a vivid reminder that global finance needs to be tamed. Without adequate safeguards, a steady recurrence of the events of 2007–2008 is inevitable and the ability of governments to deal with each episode will be diminished. In the same way, the ensuing wave of social unrest provided a potent warning sign that the resilience of people and societies has its limits and such resilience can simply not be considered a socially sustainable governance strategy.

6.3

Investing in the ‘real economy’ and ‘real people’

Reversing austerity and regulating finance needs to be accompanied by economic and social policies that create decent employment opportunities for everyone, mobilise and invest financial resources in social protection mechanisms, social services and public goods to buttress the reproductive sphere, and enhance human capabilities—in other words, making sure that financial resources are invested in the productive and reproductive spheres.

The corrosive effects of inequality are becoming more broadly recognised. Stagnant wages and rising income inequalities, as Section 2 of this paper argued, have contributed to crisis tendencies. These high levels of inequality also raise serious questions about current ‘development’ trajectories: development for whom? There are multiple arguments for greater equality: in the name of human rights and social justice, for the sake of economic prosperity and dynamism, as well as for political stability. A testament to this has been the growing number of protest movements in recent years (ILO 2013e).

Whether it is the Arab Spring or Occupy, the rise of these movements has undoubtedly been fuelled by the impact of the crises on the subsequent policy responses. Today, even with ongoing recovery in many parts of the world, the consequences are likely to be long lived.

One important mechanism for reducing income inequality is to make sure that economic and social policies are contributing to the creation of more and better jobs. From a gender equality perspective, the critical issue is that women should not only be able to increase their participation in the labour force—many have done so, and sometimes as a distress strategy—but also be able to work in ways that enhance their economic and social rights. Women’s increasing participation in the labour force over the past two to three decades, however, has not necessarily meant that they enjoy various rights, such as ‘the right to just and favourable conditions of work’, ‘the right to equal pay for equal work’, the ‘right to just and favourable remuneration ... supplemented by social protection’, etc.

(as enshrined in Article 23 of the Universal Declaration of Human Rights). The *quality* of work also matters (for both women and men) and is not captured through simple indicators of participation.

In the context of export-oriented strategies in particular, which have been adopted by many developing countries over the past three decades, women's lower relative wages have acted as a 'stimulus to growth' by making export goods more competitive (Seguino 2000). In other words, export-oriented development strategies have been in no small part premised on the underpayment of women who have been clustered into export-oriented sectors of the economy. These sectors are often associated with dreadful working conditions, as recent factory accidents in Bangladesh have clearly demonstrated (CBC News 2013). However, the attempt by many developing countries to shift their development strategies by creating a better balance between domestic and export sectors presents opportunities for tackling gender-based wage gaps. As a recent ILO report demonstrates, policy instruments such as minimum wage legislation can help put a floor under wages and also help expand domestic demand (ILO 2013a). Because women are concentrated in low-paid jobs, they tend to benefit disproportionately when the statutory minimum wage is set at a relatively high level (Rubery and Grimshaw 2011), especially where such efforts work synergistically with the expansion of social protection programmes as they have done in Brazil, for example (Berg 2011).

There is also increasing recognition of not only the social and welfare contribution of social protection programmes (such as pensions and family and child transfers) but also their role in sustaining aggregate demand. In this light the 'social protection floor' can play a potentially critical role as a way of advancing the right to social security. By guaranteeing access to essential health care and basic income security to combat poverty and social exclusion it can help enhance equality and development. Some of the key elements of the social protection floor—including the right to affordable health care and income security during old age—are likely to be of particular interest to women, given their longer life expectancy and greater use of health services for their own needs and those of their dependents.

While those concerned about the 'real economy' have put the spotlight on employment creation and adequate wages for paid work—a set of concerns that are also raised in this paper—in many of these accounts the issues of unpaid work and the reproductive sphere are not recognised. It is as if the real economy can continue to function without the unpaid and non-market care work that is needed to produce 'real people' on a day-to-day basis and from one generation to the next. Good care, however, requires a variety of resources including *time* and *financial resources* (from paid work or social transfers) with which to purchase the necessary inputs (food, housing, etc.). It also requires a wide range of public goods, that is, goods whose benefits spill over to those who do not use them directly. Appropriate infrastructure—water and sanitation, as well as good public transport, paved roads and street lighting—would improve the earnings of those who are self-employed (e.g., smallholder farmers, street traders) and increase the efficiency and lessen the burden of unpaid domestic work, as would services such as health, early childhood education and care services and elderly care. The availability of such services (through public financing) would help redistribute some of the work between families and society. However, it is equally important that unpaid care work is also redistributed within households so that both the burdens of such work (as well as its intrinsic rewards) are more equitably shared between women and men. As the limited evidence from time-use surveys suggests, while economic crises and the changes they bring to women's and men's paid work patterns may provide an opportunity for transformations in the private sphere, with men taking on more unpaid work, they are also likely to add to intra-household tensions and conflicts and reinforce traditional masculine identities.

The expansion of care services can not only help build up the human capabilities of those being cared for (be they children, frail elderly persons or people with severe disabilities) and reduce the time that family members have to allocate to unpaid care work but also generate new employment opportunities. The latter can happen by allowing those who have unpaid care responsibilities to reduce the time they allocate to such tasks and take on paid work and also by creating

jobs in the care sector. Paid care services such as child-care, elder care, nursing and teaching constitute a growing part of the economy and of employment in many countries, and with aging populations in many regions this demand will grow. In a simulation case study of South Africa, Antonopoulos and Kim (2011) demonstrated that an injection equivalent to 1 percent of GDP in 2000 into the social sector (early childhood development projects and home- and community-based care) generated 571,505 direct jobs in the sector, while linkages to other sectors and households generated 192,893 jobs. Overall, for every three jobs created due to social care expansion, an additional job opens up within the economy. Shifting parts of unpaid care work to paid work by expanding the domain of social services brings about economy-wide employment outcomes that both promote gender equality and are powerfully pro-poor. This is a persuasive argument, even though it leaves several questions unanswered about the quality of jobs that are created, which often rely heavily on 'voluntary' or 'community' work. This is very often a shorthand for unpaid or underpaid work predominantly performed by women.

In India, for example, the *Anganwadi* workers and helpers who staff the Integrated Child Development Scheme—probably the largest early childhood nutrition scheme globally—fall into a highly ambivalent category. While employed by the State, they are not classified as workers but as 'volunteers' who receive stipends instead of wages and lack the leave entitlements and social security benefits available to permanent, full-time public employees (Palriwala and Neetha 2010). In other cases, carers may be working for the not-for-profit organisations that are contracted by the State but not usually properly compensated to provide the service.

As highlighted in Section 5, income inequalities have also provided an opportunity for more well-off families to outsource their care needs by hiring domestic workers. According to a recent report by the ILO, the number of domestic workers worldwide totals at least 53 million, but by and large they remain marginalised and outside the purview of labour laws and the protection they offer (ILO2013c). This global phenomenon has in a way spurred a feminisation of internal and transnational migration. The remittances

that these women send are often a lifeline for their families and communities back home, but the abysmal conditions under which they often work run afoul of any notion of human rights. The ILO's Domestic Workers Convention (No. 189) and the accompanying Recommendation (No. 201), both adopted in 2011, offer comprehensive guidelines that countries need to ratify and implement with renewed urgency.

The challenge facing policy makers is to help shift from a strategy that relies on markets and voluntary provision of care with risks of casualisation and exploitation to one that nurtures professional, decently paid and compassionate forms of care. Both workers and care recipients will benefit from such a shift. This requires effective regulation and monitoring by States. Organisations of care workers and of care-users also need to be involved in order to build public confidence in such services and sustain their financing through general taxation. Non-profit organisations and civil society associations play an increasingly important role in the delivery of care services. It is the duty of the State to create clear standards on the rights of volunteers (health and safety at work, regular stipends) and to recognise them as workers, given their growing numbers in the care workforce (Razavi and Staab 2010).

This brief discussion has shown that there are a range of proposals and policy experiences to guide alternative pathways out of the current crisis by both responding to immediate needs and by setting the foundation for creating more equitable and caring economies and societies. In the midst of economic turmoil and debilitating social consequences lies the hope that this crisis will create the conditions for forging alternative development trajectories. However, the trajectory of policy reform, and its breadth and depth, is also likely to reflect to a large extent the configuration of social and political forces. What is clear is that minimalist top-down reform that tinkers with financialisation and provides thin 'safety nets' is out of kilter with the scale of social dislocation and insecurity that remains.

Last but not least, it is very difficult to track changes in the unpaid economy over time as economic crises erupt and evolve because the existing evidence base is very thin. While significant resources are invested

in measuring and tracking income and GDP, we have nothing of that sort when it comes to the unpaid economy. This invisibility of the unpaid economy feeds into economic models and policies that take this work for granted and assume that it will be done regardless of everything else that happens in the economy.

It is encouraging that while we are writing this paper, significant changes are taking place in the area of labour statistics. Under the auspices of the ILO, the 19th International Conference of Labour Statisticians (ICLS) adopted on 11 October 2013 a new resolution that redefines 'work activities' to include all forms of work, including the unpaid care work performed by women and girls in households (ILO 2013d). This resolution, along with efforts at the international level to revise the International Classification of Activities for Time-Use Statistics (ICATUS), could give impetus to data collection in this area.

More generally, due to the lack of timely data both before and after the crisis in many countries, we may never know the true extent of its impacts or the fall out from policies that were enacted in its wake. In particular, statistics on poverty are still patchy at best, and the global estimates that we have are largely based on simulations and extrapolations rather than household surveys pre- and post-crisis. As highlighted by the World Bank, the situation may not be much better in terms of labour market statistics (World Bank 2012). Similarly, the relatively poor state of gender statistics globally has also led to numerous calls for a greater mainstreaming of gender in national statistical production, including through greater financial investment and enhanced technical capacity (United Nations 2010b, World Bank 2012).

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ENDNOTES

Chapter 2

- 1 In December 2010 the Food and Agriculture Organization of the United Nations (FAO) Food Price Index surpassed its previous peak of June 2008, and prices remained at this level throughout 2011. At the time of writing (September 2013) food prices are still 110 percent above their 2001–2004 levels.
- 2 Through capital outflows or by adding to the external reserves of central banks (in the form of assets abroad, such as US Treasury bills), Asian countries sought to protect themselves from future financial crises. However, these were costly measures that effectively reduced available finance for domestic investment (Chhibber et al. 2009).
- 3 From a human rights perspective, gender gaps should be reduced through a process of ‘levelling up’ rather than ‘levelling down’, in accordance with the principle of non-retrogression.
- 4 Stockhammer (2012) finds that globalisation (i.e., increased international trade) has strong negative effects on wage shares in developing countries, as opposed to technological change that seems to have a positive impact on wage shares—a finding that goes against neoclassical theories about the (positive) impact of international trade on returns to labour in developing countries.
- 5 We focus here on the United States because this was where the 2008 financial crisis broke out. Moreover, while the decline in wage share in some other countries (e.g., China, Germany) has been even more pronounced, in the United States this was linked to household indebtedness, aided by the easy availability of credit, which helped trigger the credit bubble that eventually burst.
- 6 Real hourly compensation is expressed in 2009 dollars.
- 7 This is not to suggest that economic pressures associated with stagnant male wages have been the only force propelling women into the labour force. Other social and cultural forces have included higher levels of female education, lower levels of fertility, changing family structures and women’s own aspirations.
- 8 The term ‘deregulation’ is placed in quotation marks because deregulation implies that there are no regulations, which would lead to chaos and anarchy. In fact the rules were changed (to make it easier for finance to operate) rather than done away with. So the correct term would be re-regulation.
- 9 The most important legislative changes were The Depository Institutions Deregulation Monetary and Control Act (1980), which increased the scope for bank mergers and allowed interest rates to be set by markets; the Gramm–Leach–Bliley Act (1999), which repealed some of the legislation introduced to deal with the Depression in the 1930s and allowed high street banks to merge with Wall Street investment banks; and the Commodity Futures Modernization Act (2000), which ensured that new financial products such as derivatives would not be regulated under laws that governed futures contracts (Balakrishnan et al. 2011: 166).
- 10 The term financialisation ‘goes far beyond the proliferation of financial markets themselves, and the corresponding speculative activity’ to refer to the extension of those markets to an ever-expanding range of activities and sectors such as pensions, health care, housing and so forth (Fine 2012: 104).
- 11 This was only one of the transmission channels since with financial globalisation equity markets had also become more integrated.
- 12 According to a report by the International Federation of Red Cross and Red Crescent Societies (IFRC 2013), during 2012 food aid was distributed to approximately 3.5 million Europeans by 22 national societies—an increase of 75 percent compared to 2009. Hundreds of thousands more are being assisted with advice, financial or material help, or psychosocial support.
- 13 Agarwal (2011) draws attention to the regional concentration of food grain production and export. In 2008 over 80 percent of rice exports come from Asia, with the main exporters being India, Pakistan, Thailand and Viet Nam, in addition to the United States, which contributes 11 percent of rice exports. In a similar fashion, 85 percent of wheat exports came only from four areas—North America, Russian Federation, Europe and Australia—and 81 percent of maize exports came from North America and Latin America (essentially Argentina and Brazil).
- 14 That is, if the strategy is to support small producers who constitute a vast proportion of farmers in developing countries. The alternative strategy that some proponents are promulgating is to support large-scale investments in agricultural land, enabled through either domestic or foreign investors, and using highly mechanised operations that are also likely to be labour displacing. This is a hotly debated topic, commonly referred to as ‘global land grabs’ (see Borras et al. 2011).
- 15 While anti-female bias in intra-household food distribution is not a universal fact, there is considerable evidence of it being an issue in some parts of the world, particularly parts of South Asia (Harriss 1990).
- 16 Again much depends on the quality of such work: whether it pays a decent wage, provides access to basic amenities and services, and so forth. As has been repeatedly pointed out, public works programmes that require physically arduous work from nutritionally challenged people are deeply problematic in general, and particularly so in the case of women.
- 17 The package as initially announced included significant spending on infrastructure, but in response to criticisms it was later revised to include more allocations to social spending (Cook 2012).

Chapter 3

- 18 This is also related to ‘segmentation’ theory, which posits that women and other marginalised groups are generally found in secondary, unskilled, unregulated sections of the labour market where they face intense competition. While the skilled sections of the labour market are generally protected, unskilled sections can face intense competition during economic crises. See Doeringer and Piore (1971) cited in Bettio et al. (2012).
- 19 As of the second quarter of 2013, men’s employment-to-population ratio (EPR) was 64.5 percent and women’s EPR is 53.2 percent, a difference of 11.3 percentage points (United States Bureau of Labour Statistics 2014).
- 20 Unemployment data from the United States, not shown here, displays a pattern similar to Figure 3-1.
- 21 The long-term pre-crisis average is calculated as the annual rate of change of total employment for women and men between 1990 and 2007. To calculate the post-crisis rate of growth for men, we use the period starting in March 2010 when the decline in men’s employment stopped and for women we use the analogous period, which is since October 2010. Data from United States Bureau of Labor Statistics.
- 22 Data from OECD Gender Data Portal, accessed 2 May 2014.
- 23 The figures were calculated using national sources and refer to the net jobs created or lost during the specified period (NSOT 2014).
- 24 Vulnerable employment is defined as own-account and contributing family workers.

25 This issue is addressed in detail in Section 4.

Chapter 4

26 For more on this and a broader conceptualisation of alternative approaches for valuing care in economic models, see the UN Women-commissioned background paper for the Progress of the World Women report (Folbre forthcoming).

27 This is not to say that increases in private consumption resulting from transfer payments are not captured. These transfers inevitably get used by the recipients to consume and are thus reflected in GDP; however, focusing on an aggregate measure of private consumption and not on the contributing sources, e.g., spending on social transfers, makes it easy to forget how important these government transfers have been in sustaining aggregate demand, especially in the context of job losses, private wealth depletion and contraction of consumer credit.

28 Because of the reliance on the 'primary' activity criterion, time-use statistics tend to poorly capture passive care (e.g., having to mind a sleeping child) or the extent to which activities are performed simultaneously (e.g., cooking while minding a child). The latter in particular contributes to an intensification of unpaid care activities and can be detrimental to women's health and well-being. Not accounting for these activities means that the amount of time spent on unpaid care activities derived from time-use surveys is likely to be underestimated (Ironmonger 1996, Floro and Miles

2003, Floro and Pichetpong 2010).

29 Unlike other countries at the epicentre of the financial crisis, Iceland did not use public funds to bail out its banking sector or foreign bondholders and depositors. Settlement plans were rejected twice by the Icelandic public in referendums. Meanwhile, the economy is growing again and while in a recent statement by the foreign ministry the government said it would eventually resolve the outstanding claims, it would be on its own terms (Higgins 2013).

30 Authors' own calculations using data from Eurostat 2014. Inflation figures used to derive real expenditures are from (IMF 2013b) (available upon request).

31 The total number of countries with expansionary policy during this period rises to 166 (121 developing and 45 developed) when comparing real growth in government expenditure (as opposed to growth as a percentage of GDP).

32 Information on real expenditure was not available for Iceland and Spain.

33 Authors' own calculations using data from Eurostat 2014. Inflation figures used to derive real expenditures are from IMF 2013 (available upon request).

34 Authors' own calculations using data from Eurostat 2014. Inflation figures used to derive real expenditures are from IMF 2013 (available upon request).

35 The regional average in 2011, based on a sample of 31 European countries, is 24.7 percent for women 65 and over and 17.7 percent for men 65 and over (Eurostat 2014).

36 The planned increase in childcare support is restricted to the small proportion of families in which both partners earn enough to pay

income tax; because of this, lower-income working families will be largely ineligible (WBG 2013).

37 Cyprus, Estonia, Greece, Iceland, Italy, Latvia, Portugal and Turkey.

38 Cyprus, Czech Republic, France, Greece, Ireland, Latvia, Portugal, Slovenia and Spain.

39 Armenia, Czech Republic, France, Greece, Ireland, Portugal and Russian Federation.

40 As part of the government's stimulus package, the Bolsa Familia programme was expanded by US \$ 300 million, increasing coverage by 1.3 million additional families by the end of 2009 for a total of 12.4 million families (ILO and World Bank 2009).

41 Authors' own calculations using data from UNdata. Inflation figures used to derive real expenditures are from IMF 2013 (available upon request).

42 Armenia, Bangladesh, Bulgaria, Croatia and Serbia.

Chapter 5

43 Persons 'at risk of poverty or social exclusion' are defined as being at risk of poverty or suffering from severe material deprivation or persons living in a household with low work intensity. The 'at-risk-of-poverty rate' is the share of people with an equivalised disposable income (after social transfer) below 60 percent of the national median equivalised disposable income after social transfers. 'Material deprivation' is defined as having arrears on mortgage, rent payments or utility bills; not being able to afford: one week's annual holiday away from home; a meal with meat, chicken, fish (or vegetarian equivalent) every second day; heating to keep the house warm; not being able to: face unexpected

financial expenses; buy a telephone; buy a colour television; buy a washing machine; or buy a car. The 'severe material deprivation rate' is defined as the proportion of persons who cannot afford to pay for at least four out of these nine items. The 'work intensity' of a household is the ratio of the total number of months that all working-age household members have worked during the income reference year and the total number of months the same household members theoretically could have worked in the same period. The indicator 'persons living in households with low work intensity' is defined as the number of persons living in a household having a work intensity below 0.20. For more information on these indicators, please refer to <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

Chapter 6

44 While initial public sector cuts in Ireland took place without prior dialogue, a tripartite agreement in 2010 governs the public sector until 2015 (Vaughan-Whitehead 2013).

45 In the past when developing countries imposed such controls (e.g., Malaysia and Thailand during the Asian financial crisis) in order to protect their economies from the ravaging effects of liberalised financial markets, they were criticised by the IMF and penalised by credit rating agencies.

46 In a recent New York Times article, Appelbaum (2013) argues that the view that inflation can be good for growth is increasingly being espoused inside and outside the Federal Reserve, including by Janet Yellen who was chosen to replace Ben Bernanke as Federal Reserve Chairperson.

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